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Taiwan	1.50	De	1.50	France	4.00	U.S.	1.00
Thailand	1.50	De	1.50	France	4.00	U.S.	1.00
United Kingdom	1.50	De	1.50	France	4.00	U.S.	1.00
U.S.A.	1.50	De	1.50	France	4.00	U.S.	1.00
Vietnam	1.50	De	1.50	France	4.00	U.S.	1.00
Yugoslavia	1.50	De	1.50	France	4.00	U.S.	1.00

U.S. Leaning Toward Asylum For Inmates Held by Vietnam

By Bernard Gwertzman
New York Times Service

WASHINGTON — The Reagan administration is nearing a decision to offer asylum to thousands of prisoners being held by Vietnam in "re-education camps," according to senior officials.

The contemplated U.S. action would be in response to earlier Vietnamese offers to release the prisoners if the United States agreed to resettle them. The prisoners are believed to number between 6,000 and 15,000.

In the past the administration has reacted skeptically to such proposals by Hanoi. But at the urging of refugee groups, some members of Congress and some U.S. officials, Washington is said to have decided in principle to test Vietnam's sincerity and to seek the release of the prisoners, many of whom had close ties to the United States during the Vietnam War.

"I personally feel that there is almost no one more deserving of admission to the United States as a refugee than the people who are suffering in prison because of their past association with us," said Paul D. Wolfowitz, assistant secretary of state for East Asian and Pacific affairs.

Officials said in interviews last week that details of the new U.S. approach were being worked out so that they could be discussed by Secretary of State George P. Shultz when he meets with congressional committees on refugees Sept. 11.

In 1982 Nguyen Co Thach, Vietnam's foreign minister, said his government would release all the prisoners if the United States would take them.

The offer was repeated in May by Prime Minister Pham Van Dong, who said in an interview in Newsweek magazine: "We are quite prepared to allow all of those left in the camps to leave tomorrow for the United States, but the U.S. government has rejected that suggestion. They prefer to leave these criminals free in Vietnam but not in the United States."

The United States actually had not rejected the offer, according to officials dealing with refugee matters. But these officials had expressed the view publicly and privately that the Vietnamese were not sincere because they had not allowed the International Committee of the Red Cross into the camps and had not provided a list of the prisoners.

After the Communist takeover of South Vietnam in 1975, the Vietnamese authorities set up a network of the so-called re-education camps, mostly in the North, to which thousands of pro-U.S. and other anti-Communist Vietnamese from the South were sent. At one time as many as 50,000 people were said to be in the camps.

According to former inmates, conditions for the prisoners are grim. The State Department's human rights report for this year said that those in the camps "are regularly provided food rations below

subsistence levels, denied medical care and assigned to hard labor."

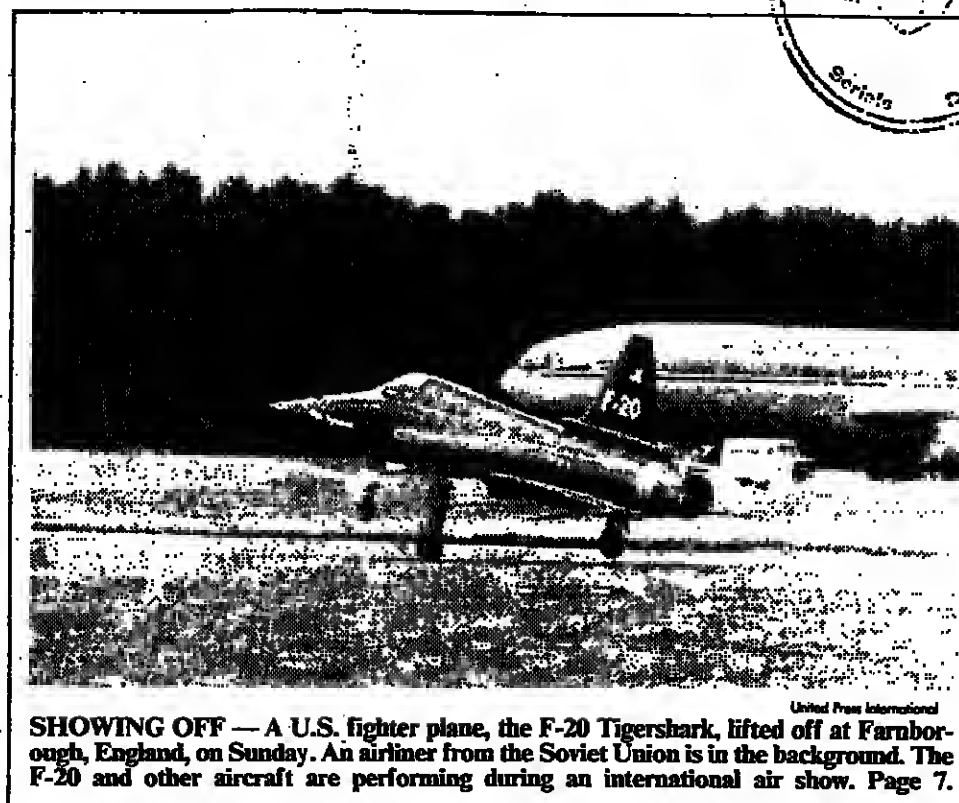
"Prisoners are punished severely for minor infractions of camp rules, for example, by several months' solitary confinement and by beatings," it said.

The United States has accepted about 700,000 refugees from Indochina since 1975, about half of the worldwide total of 1.4 million who have been settled abroad. It has taken about 50,000 a year in recent years, most of them former "boat people" who had made their way to Thailand and other countries.

On July 23 Roger P. Winter, director of the United States Committee for Refugees, wrote to President Ronald Reagan urging him "to break through the impotence that has characterized U.S. actions" on the prisoners.

In an interview Saturday, Mr. Winter said he had proposed that the administration set 10,000 immigration slots for camp inmates and their families in the fiscal year beginning Oct. 1. This would be above the 50,000 already planned for Indochinese refugees.

On Aug. 10, 13 members of Congress, led by Representative Stephen J. Solarz, Democrat of New York, wrote to Mr. Reagan, urging that the United States "seize the initiative" and "send a clear signal to Vietnam that the United States is genuinely interested in freedom for those political prisoners" by allocating 10,000 places for them and their families.



SHOWING OFF — A U.S. fighter plane, the F-20 Tigershark, lifted off at Farnborough, England, on Sunday. An airliner from the Soviet Union is in the background. The F-20 and other aircraft are performing during an international air show. Page 7.

Chernenko Ties Space Arms Pact To Wider Talks

By Seth Mydans
New York Times Service

MOSCOW — Konstantin U. Chernenko, the Soviet president, was quoted Saturday as saying that an agreement with the United States on banning weapons in outer space would ease the way for discussions on other disarmament issues.

The comment, in the form of answers to questions put to him by Pravda, the Communist Party newspaper, was the first major statement attributed to Mr. Chernenko since he left for a vacation July 15.

His continuing absence from public view has aroused rumors about his health and political standing. In the last week, his name has appeared prominently in the official press on several minor statements.

In the Pravda article Mr. Chernenko was quoted as repeating the Soviet position that the United States was scuttling the possibility of space weapons talks with its insistence on raising questions about stalled nuclear weapons negotiations.

But, Pravda reported that he added, "such an agreement would not only prevent the arms race in outer space, but what is no less important, would facilitate the solution of questions of limiting and reducing other strategic armaments."

A State Department spokesman, responding to Mr. Chernenko's statement, said Saturday that the United States was willing to return to the suspended nuclear disarmament talks and to take part in talks on banning space weapons, which the Russians proposed in June. Reuters reported from Washington.

"The United States is correcting the imbalances in the East-West

military equation that the Soviet Union has opened up in recent years," the spokesman said, "and is seeking and will continue to seek more stable and constructive relations with the Soviet Union through negotiations."

Mr. Chernenko said the Soviet Union was ready for honest and serious talks with the United States on major political questions, but said that his country had not found a similar attitude in Washington. He blamed the United States for most of the problems of the world today, and said the Republican Party's election platform left a depressing impression that the United States was on a crusade to force its will on the world with raw military force.

Mr. Chernenko also repeated the Soviet position that deployment of cruise and Pershing 2 missiles in Europe caused the Soviet wariness and the breakdown at the end of last year of negotiations on strategic and intermediate-range missiles in Geneva.

But he did not repeat Moscow's insistence that the missiles be removed before talks could resume. He said, "There remain today enough issues which need discussion and solution, and one will have to handle them."

Although Moscow has always favored serious and concrete talks on major political issues, Mr. Chernenko told Pravda, "regrettably, we have encountered a different attitude to negotiations in Washington," adding that U.S. foreign policy was apparently oriented toward a dangerous heightening of international tensions.

The Republican National Convention last month, he said, showed the Reagan administration "flaunting with open cynicism their great-power ambitions, exaggerated no-

(Continued on Page 2, Col. 6)

Qadhafi Says He Sent Men and Arms To Help Nicaragua Fight Against U.S.

By Judith Miller
New York Times Service

TRIPOLI, Libya — Libya's leader, Colonel Moammar Qadhafi, said that he had sent troops and weapons to Nicaragua to help the Sandinista government fight the United States "on its own ground." He gave no details.

At the same time Saturday, Colonel Qadhafi vowed to form a "wide front of nations that are fighting American imperialism until we besiege it and crush its arrogance everywhere."

The colonel made no direct reference to the Reagan administration's announcement on Friday that Libyan diplomats at the United Nations would be restricted to New York City.

A State Department spokesman said Saturday that the United States had no comment on Colonel Qadhafi's remarks.

In June, a Reagan administration report accused Libya, along with the Soviet Union and five Warsaw Pact countries, of having sent military advisers to Nicaragua, which has been under attack by U.S.-backed guerrilla insurgents. But diplomats in Tripoli said they believed that Colonel Qadhafi's statement was his first acknowledgment that he had sent Libyan military personnel to Nicaragua.

One diplomat cautioned, however, that Colonel Qadhafi's assertion about Libyan troops in Nicaragua might be more of what the diplomat called the colonel's "revolutionary rhetoric." The diplomat said that Libya had about 5,000 troops in Chad, and that another foreign entanglement might not be popular at home, where Colonel Qadhafi is said to face growing resistance to his rule.

The Nicaraguan interior minister, Tomás Borge Martínez, was one of about 40 foreign dignitaries present for the speech, which was part of a celebration marking the

15th anniversary of the military coup that overthrew King Idris and brought Colonel Qadhafi to power.

"We have fought along with Nicaragua, some miles away from America," Colonel Qadhafi declared in his hour-long speech, a translation of which was provided by Libya's official press agency.

"Libyan fighters, arms and backing to the Nicaraguan people have reached them because they fight with us," he said. "They fight America on its own ground."

The colonel also called on Arab nations to join his political union with Morocco so that a unified Arab force could "march toward Palestine and Jerusalem" and "destroy the so-called state of Israel."

On Friday the General People's Congress of Libya and Moroccan voters in a referendum approved the treaty of unity, which joins Libya and the pro-Western government of Morocco in what is formally known as the Arab African Federation. The pact, which has been criticized by the United States, includes a mutual defense arrangement.

One Libyan analyst here said that Colonel Qadhafi's call for an Arab "march" on Jerusalem had put King Hassan II of Morocco in an awkward diplomatic position.

The Moroccan king, who signed the treaty of unity with Libya on Aug. 14, did not attend the celebration Saturday.

King Hassan helped arrange the initial meetings that led to the peace treaty between Israel and Egypt in March 1979. He has been viewed by Western diplomats as a moderate Arab leader.

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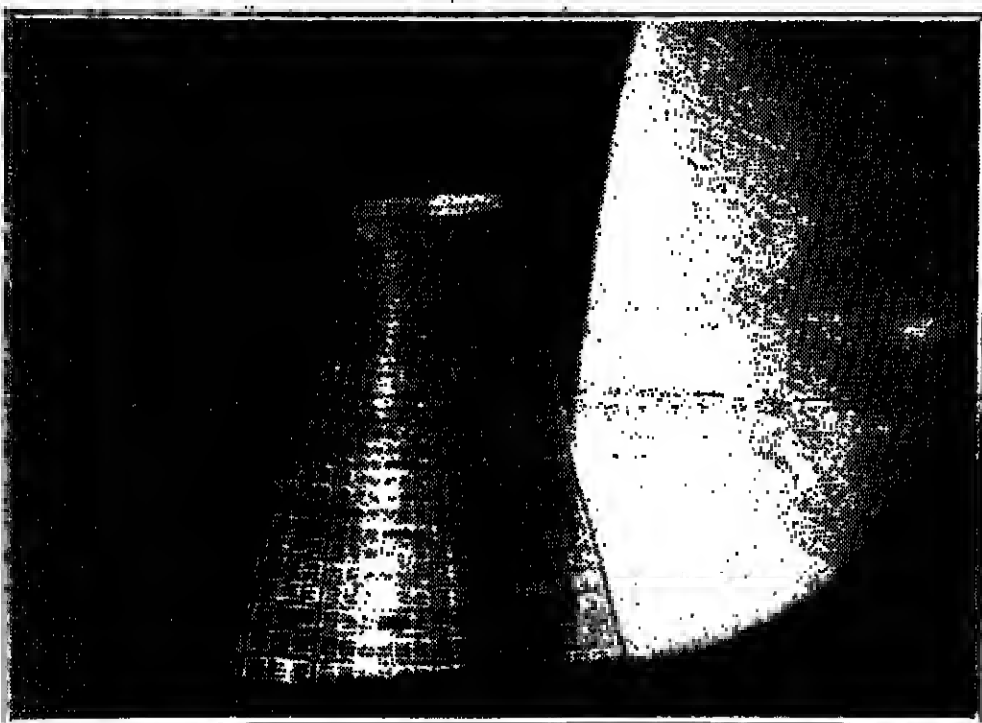
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A solar-cell panel was extended from the space shuttle Discovery during tests Sunday.

Shuttle Discovery Tests a Solar Panel After Launching Its Final Satellite

By John Noble Wilford
New York Times Service

CAPE CANAVERAL, Florida

An experimental solar power array has been unfolded and extended from the space shuttle Discovery in the first test of electricity-generating systems to be erected on future space stations.

The Discovery crew has also successfully released the third and last communications satellite from the cargo bay, did some troubleshooting on a bulky drug-processing machine, and had a telephone conversation with President Ronald Reagan.

With Judith A. Resnik at the controls, an epoxy-fiberglass mast was slowly out of the shuttle's cargo bay and brought with it the unfolding sections of the solar panel. These are thin sheets of the plastic material Kapton that had been folded accordionlike.

Attached to most of the 84 panels are dummy solar cells, though the outermost panels hold three working cells for converting sunlight to energy.

In the operation Saturday afternoon, Dr. Resnik, an electrical engineer who is the second American woman to fly in space, twice extended the 13-inch-wide (33-centimeter) array out 73 feet (22.1 meters). That is about 70 percent of its full 102-foot reach, the height of a 10-story building.

It's up and it's big," Dr. Resnik reported to Mission Control. "It's steady and stable, and we're bubbling."

When the array was extended, Henry W. Hartfield Jr., the space shuttle commander, and the commander Michael L. Coats of the shuttle's payload specialist, maneuvered the shuttle to observe the effects that vibrations and rolling motion had on the outstretched structure, said on the outstretched structure, said on the outstretched structure, said on the outstretched structure.

"It's not budging one iota," Mr. Hartfield reported. "It is solid as a rock."

Then the solar array was retracted and extended again for further testing. Project engineers said the preliminary results indicated the equipment behaved as expected.

On Sunday, Dr. Resnik again

extended the "solar sail" above Discovery's cargo bay to further test it. Again, the panel performed well.

Sunday's tests again included firing Discovery's small steering jets to evaluate the stability of the solar array and the effect on the shuttle's motion. A panel this size could produce a steady 12.5 kilowatts of power, enough to supply the power needs of four average American households.

The \$6-million test project is seen as the first step in developing lightweight structures that can be carried by shuttles to the orbital construction site of a permanent space station. The Reagan administration this year declared that a large space station should be the next goal of the U.S. space program, to be in operation in the early 1990s.

The \$1.2-billion Discovery is the third in the fleet of reusable U.S. space shuttles. The others are Columbia and Challenger.

Earlier Saturday, Dr. Steven A. Hawley supervised the deployment of Telstar-3, a communications satellite owned by the American Telephone & Telegraph Co. Its rocket then fired to boost the satellite toward its operational orbit 22,300 miles (35,680 kilometers) out in space.

"Congratulations, you're three for three," Mission Control radioed to the Discovery.

"It all worked super good," replied Dr. Hawley.

On the first two days of the planned six-day mission, which began Thursday, the crew launched the SBS-4 and Lesat satellites.

The successful SBS and Telstar launches renewed the telecommunications industry's confidence in the payload-assist modules used on many satellites to propel them to their higher orbits. Two of them had failed in February, putting the satellites into useless orbits.

But another operation aboard the Discovery, on the maiden flight, was not running so smoothly.

Charles D. Walker, an engineer with the McDonnell Douglas

Corp., reported that automatic controls for the drug-processing machine had experienced repeated failures. He has had to take over manual control.

The machine, a continuous-flow electrophoresis system, separates biological materials in an ultrasonic form not attainable in a similar facility operating under the influence of the Earth's gravity. McDonnell Douglas and its partner, Johnson & Johnson, are preparing a biomore product for possible commercial use in treating an undisclosed disease.

Other than this problem, all seemed to be going well with the Discovery and its six-member crew. Randy Stone, the flight director, said all three satellites that were deployed "are working normally" and on course to their intended orbits.

A well-publicized claim by one of the teams to have established the site on the slopes of Mount Ararat, in eastern Turkey, where the story of biblical legend supposedly came to rest after the deluge has been ridiculed by other explorers and Turkish officials.

Archaeologists' declarations that chunks of rock and wood gathered by one of the teams are valueless have defused increasing press speculation that the team smuggled samples of the ark out of the country. Special permission is required in Turkey for the exporting of archaeological specimens.

A spirited search for remains of Noah's Ark began last year after the Turkish authorities lifted a ban on archaeological explorations in the region of Mount Ararat, which is close to Turkey's militarily sensitive border with the Soviet Union.

The disappearance of the samples swiftly

produced angry headlines and editorials about "Turkey's stolen heritage." The English-language Turkish Daily News accused the American explorers of failing to show proper respect for the rules and customs of the host country.

"Without these considerations, we degenerate to the level of uncivilized beings that God sent the flood to destroy," the paper said.

The controversy reached a peak Wednesday when Mr. Steffins was detained by police at Istanbul's airport as he was about to board a plane with a bag containing 8.6 pounds (3.9 kilograms) of stones and sand.

He was released and allowed to fly out of the country after Turkish archaeologists had testified that his "ark samples" had no archaeological value.

The minister of culture and tourism, M. Turgut Yildirim, said at a press conference that Mr. Steffins "must be after press coverage or money."

Mr. Steffins also was criticized by the leaders of the rival American expeditions who fear that the incident might lead the Turkish government to restrict exploration of Mount Ararat.

Mr. Irwin, who became a born-again

Bilston's Battlefront: Strike Splits Scottish Town

By Bob Haggerty
International Herald Tribune

BILSTON, Scotland — Each weekday morning at 6:30, Harry Fettes rides his motorcycle through a narrow gap in the coils of barbed wire surrounding the Bilston Glen coal mine.

A picket steps forward with a perfunctory cry of "Bloody scab." Six policemen stand by. Down the road, several dozen policemen hold another small band of pickets at bay.

The barbed wire was installed after strikers pulled down a fence. Windows shattered by brick throwers remain unreplaceable.

In Britain's coal strike — and in its class war — these are the front lines.

The strike, which many observers had predicted would crumble within weeks, has persisted for nearly six months, closing about three-quarters of Britain's coal-mining capacity.

Although the National Union of Mineworkers faces pressure from moderate union leaders and a largely unsympathetic public, there is no assurance that the strike will end before winter brings heavier demand for coal and the threat of power shortages.

To prevent a long, cold winter, the government hopes that the trickle of miners returning to work will become a flood. This week, working miners plan a push to gain momentum in the so-called drift back to work. The union, in turn, promises to intensify picketing.

At the annual meeting of the Trades Union Congress in Brighton this week, the miners' union will demand firmer support from other unions.



Harry Fettes, a nonstriking coal miner.

"If we get beat, it's going to be so much easier for them to get beat," a strike leader at Bilston said last week.

The struggle began last March when the National Coal Board announced plans to close some of its most unprofitable mines.

By July, the board had backed down far enough to say that it would reassess closure plans, particularly since the strike has already cut capacity by leaving some coal faces damaged beyond repair. But union leaders are holding out for a promise that the board will not close mines merely on the ground that they show heavy losses.

The union says it is fighting to preserve mining communities and ensure jobs for miners' grandchildren.

The government replies that the state-owned coal industry, which had a loss of £875 million (\$1.15 billion) in the fiscal year ended March 31, can resume growth later only if it shrinks toward profitability now.

While the old argument sputters on, coal supplies at power plants gradually are running out. The government says it can make it through the winter without ordering cuts in power use, as it did in 1974, when a coal strike contributed to the downfall of the government of Prime Minister Edward Heath.

The strikers say coal supplies will run short this winter.

"We're like the Russian generals

fighting Napoleon," said a union official at Bilston Glen. "Our greatest ally is the weather."

For Prime Minister Margaret Thatcher's generals, the greatest allies are the likes of Mr. Fettes. Here in the rolling hills south of Edinburgh, where miners live close together in gray-brown stone houses, such allies are hard to recruit.

Hated of those who defy strike calls passes from father to son. Union leaders say miners still recall whose forebears broke ranks during the strike of 1926. As for today's working miners, said Jackie Aitchison, secretary of the union branch at Bilston, "these people will be completely tarred for the rest of their lives."

With his 1960s-style beard, mustache and cascade of brown hair and his denim shirt unbuttoned halfway down his chest, the 23-year-old Mr. Fettes does not seem like an obvious Thatcher supporter. A short chat, however, uncovers a champion of Mrs. Thatcher's free-market economics and rugged individualism.

Unlike most British miners, Mr. Fettes does not come from a mining family. Nor does he live in a mining village. Instead, he is buying an apartment in Edinburgh. He also wants spare cash to buy programs for his home computer.

"I'm not really the kind of person who likes to sit and do nothing," he said over a lager and a cheese and onion roll at a pub in Edinburgh's Old Town.

Other working miners have found their cars smashed or bricks thrown through their living room windows. The only attack on Mr.

(Continued on Page 2, Col. 3)

The Quest for Noah's Ark: U.S. Teams Stir Furor in Turkey

By Michael Dobbs
Washington Post Service

ISTANBUL — Turkey, an overwhelmingly Moslem nation, has been alternately infuriated, scandalized and amused by the efforts of rival teams of American Christian fundamentalists to discover remnants of Noah's Ark.

A well-publicized claim by one of the teams to have established the site on the slopes of Mount Ararat, in eastern Turkey, where the story of biblical legend supposedly came to rest after the deluge has been ridiculed by other explorers and Turkish officials.

Archaeologists' declarations that chunks of rock and wood gathered by one of the teams are valueless have defused increasing press speculation that the team smuggled samples of the ark out of the country. Special permission is required in Turkey for the exporting of archaeological specimens.

A spirited search for remains of Noah's Ark began last year after the Turkish authorities lifted a ban on archaeological explorations in the region of Mount Ararat, which is close to Turkey's militarily sensitive border with the Soviet Union.

According to the biblical book of Genesis, the ark was washed up on the mountain of Noah, his family and specimens of all living creatures after the rest of the Earth was inundated.

The fundamentalist groups, which take the biblical story literally, are from International Expeditions; the High Flight Foundation, led by a former U.S. astronaut, James B. Irwin; and the Institute of Creation Research.

Press excitement rose last week when the leader of the International Expeditions team, Marvin Steffins, called a press conference in Ankara to announce that his team had discovered a "boat-shaped formation" 5,200 feet (1,600 meters) up on the southwestern face of Mount Ararat. Mr. Steffins and fellow members of his team then disappeared, along with bags of samples.

Suspicious that the team might have made off with archaeological relics appeared to be confirmed last week when a member of the expedition, Ron Wyatt, produced some of the samples at a press conference in New York. Mr. Wyatt said that they would be scientifically analyzed at Galbraith Laboratories in Knoxville, Tennessee.

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produced angry headlines and editorials about "Turkey's stolen heritage." The English-language Turkish Daily News accused the American explorers of failing to show proper respect for the rules and customs of the host country.

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Mr. Steffins also was criticized by the leaders of the rival American expeditions who fear that the incident might lead the Turkish government to restrict exploration of Mount Ararat.

Mr. Irwin, who became a born-again

Christian after taking part in an expedition to the moon in 1971, said that he had visited the Steffins site and found "only rocks."

"I think that Steffins spent too much time on the mountain over the last two years and may just have been disappointed in making so significant an announcement," he said.

Mr. Steffins's claim to have located the probable site of the ark was also disputed by the leader of the team from the Institute of Creation Research, John Morris.

"Steffins went to look at a strange geological formation that looks exactly like a boat," Mr. Morris said. "He became very excited with what he found there, collected some samples, and then just packed up and left."

"If he had only waited to consult us," he added, "we could have told him that the area has been thoroughly researched before. We know it is simply a very unusual rock formation that is definitely not Noah's Ark."

At his press conference, Mr. Steffins said that the rock formation corresponded to the dimensions of the ark given in Genesis: 300 cubits long, 50 cubits wide and 30 cubits high. (A cubit is believed to have equaled 18 to 22 inches, which would make the ark at least 450 feet long.)

INSIDE

Papal Document Assails Liberation Theology for Inciting Class Conflict

By Marlene Simons

RIODE JANEIRO—The Vatican is about to issue its most detailed criticism to date of the "theology of liberation," which has been used to justify the activism of Roman Catholic priests and nuns in Latin America in the last 15 years.

The Vatican criticism is contained in a 35-page document to be issued in Rome on Monday. A copy acknowledged as authentic by the Brazilian Bishops' Conference was published in Rio de Janeiro last week by a Brazilian newspaper.

The document is scheduled to be released only four days before a leading Brazilian theologian and Leonardo Boff, must appear before a commission headed by Cardinal Joseph Ratzinger, prefect of the Congregation of the Doctrine of the Faith. Father Boff is accused of committing serious doctrinal errors in writings about liberation theology.

According to church sources, the document was signed by Cardinal

Ratzinger and approved by Pope John Paul II. The Congregation, which is based in Rome, serves as the Vatican's theological watchdog.

In the document, the Vatican focuses its criticism on the influence of Marxism in the theology of liberation, asserting that Marxist analysis distorts the message of Jesus and leads inevitably to class struggle and violence.

The move against Father Boff and rumors that the Vatican was preparing its theological statement have already caused distress within Brazil's Catholic Church, which is the largest in the world. It is not known how the newspaper O Globo got Cardinal Ratzinger's document but copies were distributed to all 350 Brazilian bishops more than a week ago.

The Brazilian Catholic hierarchy became identified with the defense of human rights and the promotion of social change during the last two decades of military rule in Brazil. But even its critics have conceded that, while urging the poor to organize or join civic movements as ways of improving their welfare, the Brazilian church has discouraged violence.

Cardinal Ratzinger's document, entitled "Instruction on Some Aspects of Theology of Liberation," warns Catholics against deviations that are "inherent in some aspects of the theology of liberation, which use concepts of Marxist thinking in a way that is insufficiently critical."

The term "theology of liberation" is "perfectly valid," the document says, because humanity's liberation from cultural, economic, social and political enslavement is a fundamental theme of the Old and New Testaments. But those who preach it, the document says, use Marxist analysis, which leads to class struggle and violence and divides the church.

The theology of liberation adopts the thesis of social classes as its basic principle, the document says, and its use of the concept of the "church of the poor" implies the existence of a church of classes.

As a result, the document said, "the theologians who do not share the theses" of liberation theologians, "particularly the hierarchy and the teachers in Rome, are a force discriminated as belonging to the class of the oppressors. Therefore the discourse is decreed to be, in principle, false."

Blacks, Hispanics Affect Results of N.Y. Police Exam

New York Times Service

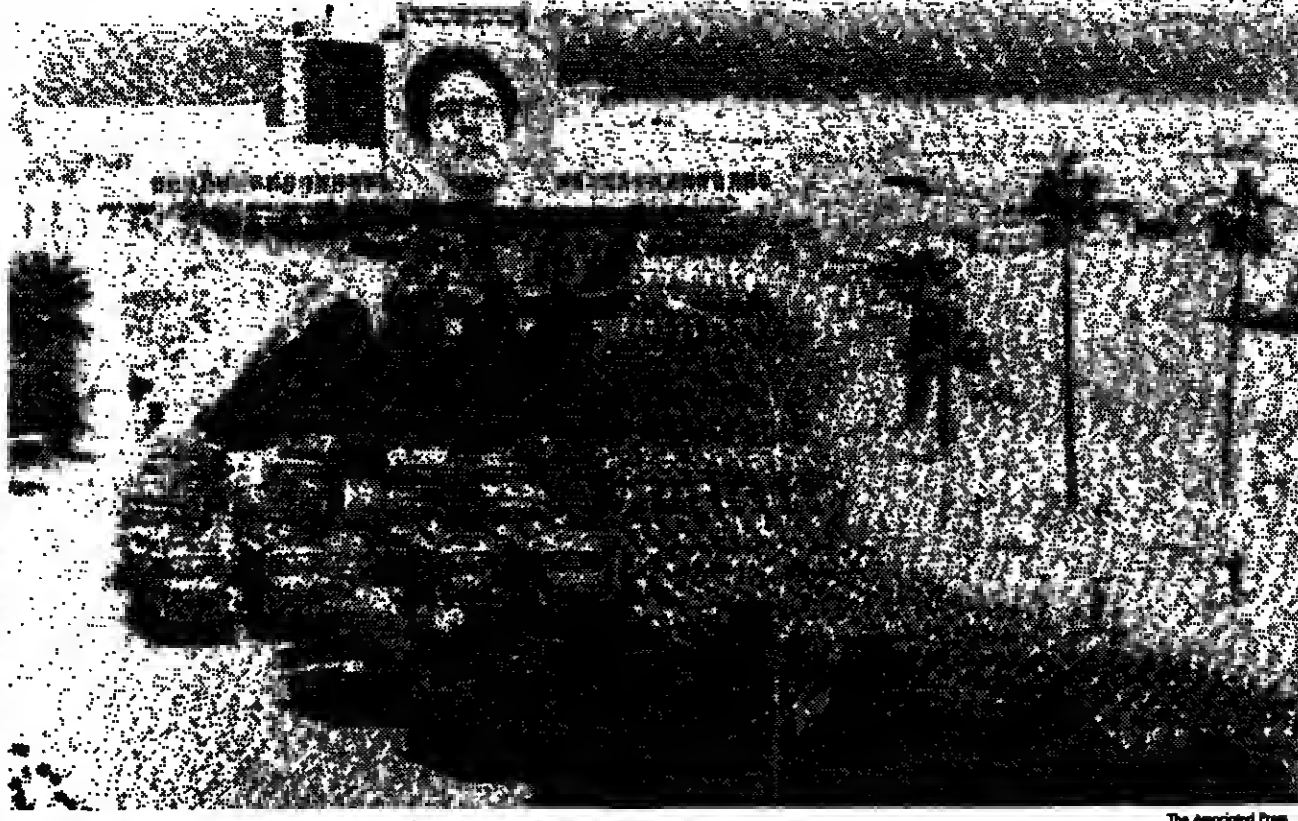
NEW YORK—A disproportionately small number of black and Hispanic police officers earned passing grades on a New York City police sergeants' exam designed to overcome racial and sexual biases, according to figures made available by a black police group and confirmed by the city government.

The results Thursday showed that only 1.6 percent of the black candidates and 4.4 percent of the Hispanic candidates passed, compared with 16 percent of the white police officers who were tested.

The group representing black police officers, the Guardians Association, called the results "racially biased" and asked Police Commissioner Benjamin Ward to reject them. None of the 1,037 men and women who passed the test should be promoted, the group said.

An attorney with the Puerto Rican Legal Defense Fund, Hector Soto, also questioned the validity of the test and said he believed the nature of the test was responsible for the results. He said he had not yet seen the exam.

Unless the test is legally challenged by early October, the city could begin promoting officers to sergeant. There are 330 vacancies for sergeant, which means the department has to rely heavily on overtime, according to Alice T. McGillion, deputy commissioner for public information.



A parade in Tripoli marked the 15th anniversary of a coup that brought Moamer Qadhafi to power in Libya.

Union of Libya and Morocco Approved in Votes

By Judith Miller

New York Times Service

TRIPOLI, Libya—Libya and Morocco have ratified a treaty of unity providing for a rotating presidency and a mutual defense agreement.

[The union was declared to have gone into effect after the official result of a nationwide Moroccan referendum showed 99.97 percent in favor from a turnout of 97.04 percent, Reuters reported from Rabat.]

[The Libyan General People's Congress formally ratified the union Saturday, a day after a unanimous vote by the body's 1,347 members.]

The General People's Congress is a kind of national parliament composed of 13 local people's congresses, or committees.

Saturday was the 15th anniversary

of the military coup in which the Libyan leader, Colonel Moamer Qadhafi, and 11 other military officers overthrew King Idris.

King Hassan II of Morocco and Colonel Qadhafi originally announced the union agreement, formally known as the Arab African Federation treaty, at a meeting in Oujda, Morocco, on Aug. 14.

The agreement startled the United States, its Western allies and other Arab countries.

The Reagan administration has viewed Morocco as a bulwark against Libyan subversion and expansionism in Africa.

In Washington, State Department officials said King Hassan was sending his top adviser this week to deal with the administration's privately expressed dismay at the union.

The visit by Reda Guedira, the royal counselor, is to take place on

Wednesday. He is to meet with Vice President George Bush and Secretary of State George P. Shultz.

Mr. Shultz, in an interview with The Associated Press, acknowledged Washington's unhappiness with being taken off guard by the accord and with an action that had the effect of reducing Libya's isolation.

In December 1981, President Ronald Reagan invalidated U.S. passports for travel to Libya and appealed to Americans to leave that country after Washington had received reports that Libyan assassination squads were sent to the United States to kill the president.

On Thursday, in what appeared to be another sign of Western concern, President Francois Mitterrand of France flew to Rabat for a previously unscheduled meeting with King Hassan.

Mr. Mitterrand was said to be

particularly concerned about the impact of the accord on his efforts to resolve the conflict in Chad. About 5,000 Libyan troops have been supporting rebel forces against the government of Hissene Habre, which France is supporting. Diplomats in Tripoli said King Hassan might view the union with Morocco as a temporary marriage of convenience that would formally end Colonel Qadhafi's support for the Polisario, the nationalist guerrilla movement that has been fighting Moroccan troops for control of the Western Sahara.

Colonel Qadhafi has signed six previous union agreements — two with Egypt, two with the Sudan, and one each with Tunisia and Syria. All collapsed.

Some diplomats in the region said that the union with Morocco might also remain an agreement on paper only.

Strike Divides Scottish Town

(Continued from Page 1)

Fettes so far has been a punch in the face, and he quietly insists that he will not be intimidated by a "gang of thugs." Meanwhile, coal board officials lose no opportunity to portray him as a brave hero.

If both sides are striving to score propaganda points, neither seems under overwhelming economic pressure to settle.

In 1926, miners were starved back to work after six months and forced to swallow a pay cut and longer hours. This time, starvation seems out of the question.

Many miners have had to sell cars and return television sets. But welfare payments, small benefits paid for pocket duty and wives' earnings are enough to provide food. The union helps out with strike centers that supply one healthy, if somewhat starchy, meal each day.

Mortgage lenders are letting payments slide; if they repossessed houses in dreary mining villages, there would be no new buyers anyway. Many merchants extend credit. Business remains brisk at the Curf and Dye beauty shop in Dalkeith, near Bilsdon.

Mr. Aitchison, the union secretary, says his family has learned to live on £30 a week instead of the normal £130. Despite the strain, he said, "I'm not going back with my tail between my legs."

Britain's financial establishment is betting that the union will have to compromise. Few observers, however, expect Mrs. Thatcher to bash the miners into passive acceptance of her desire to run the industry as a profitable business.

"I don't think there are any resounding victories in this," said Tim O'Dell, an economist at the stockbrokerage of Phillips & Drew. "It's not another Falklands."

Khmeini Warns Clergy About Political Role

Reuters

TEHRAN—The Iranian spiritual leader, Ayatollah Ruhollah Khomeini, rebuked the clergy Sunday for straying too far from mosques and interfering in politics when they were not needed.

Addressing a council that oversees the constitution, Ayatollah Khomeini cited the case of a mullah who told a governor-general, the highest civil authority in a province, to do as he was told or leave his post. Such behavior, he said, causes people to "hate mullahs."

Fahd Appeals for Peace Among Islamic Nations

Reuters

MECCA, Saudi Arabia—King Fahd has appealed for peace among Islamic nations.

He made the call Saturday, shortly after pilgrims making the annual Muslim pilgrimage held street demonstrations.

Fahd's appeal also came just after the Libyan leader, Colonel Moamer Qadhafi, said in Tripoli that the king had informed him that pilgrims were planning violent protests in Mecca. Colonel Qadhafi called Saturday on Libyans not to take part in protests.

Last month, according to diplomats in Tripoli, the Saudis turned away a planeload of Libyans with weapons.

In his appeal, the king said Lebanon, Iraq and Iran, the Golan Heights and Afghanistan were suffering because of Muslim quarreling.

"The sons of the Islamic nation have long been at war with one another," Fahd said. "War has taken a heavy toll and casualties are in the hundreds of thousands, and all the victims are our brothers in Islam."

"From this sacred place, let us all convey to the belligerents among our brothers a sincere and pressing appeal requesting them to call a halt to all hostilities, abandon quarrels and be guided by reason," he said.

Earlier Saturday, witnesses said, Iraqis here for the pilgrimage staged a peaceful demonstration near the Grand Mosque, the holiest shrine in Islam, which was seized and held for two weeks by armed Muslim extremists in 1979. Official Iranian news organizations said the demonstration was held to protest "world arrogance."

A visiting official at King Fahd's speech said police protected the demonstrators until they dispersed 500 meters (1,650 feet) from the mosque.

The Iranian press agency IRNA said that more than 150,000 pilgrims gathered for the speech.

7 Die in Sydney Gang Battle

Reuters

SYDNEY—Seven people were shot to death and 20 wounded Sunday in a gang war involving more than 100 motorcyclists outside a Sydney tavern, police said. Members of two rival gangs opened fire with pump action shotguns and fought for nearly an hour with machine guns, screwdrivers and baseball bats.

Chernenko Statement

(Continued from Page 1)

grims from Iran and elsewhere took part in the demonstration, but the official who saw them said the protest was far smaller.

In Tripoli, Colonel Qadhafi said he had word from King Fahd and other Muslim rulers of plans for rioting in Mecca. He urged Libyan pilgrims to stay calm.

Colonel Qadhafi said he had been told that Libyan "revolutionary" forces and popular masses "wanted to sweep the streets of Mecca and take control of the prophet's mosque."

"I appeal to them, if they are listening to me now, to cooperate fully with the Saudi authorities," he said.

"The celebration should not disturb the security of the holy places or create trouble for the Saudis, who are caring for the comfort of pilgrims from all over the world, including Libyan pilgrims," Colonel Qadhafi said.

Also in Tripoli, diplomatic sources said that a planeload of Libyans, carrying 20 cases of weapons, were turned back by Saudi authorities earlier this month. There has been no mention of this in the Saudi press.

Thai Leader Plans Check-Up

The Associated Press

BANGKOK—Prem Tinsulanonda, 64, who has been prime minister of Thailand since 1980, said Sunday he would go to the United States on Sept. 14 for a full medical examination after his doctors told him they had detected the initial stages of a heart disease.

Julio Iglesias, TV Monopoly, Books On Lennon Are Denounced in Soviet

The Associated Press

MOSCOW—Julio Iglesias, the Spanish singer, pop music video and books on John Lennon came under fire in the Soviet press during the weekend as examples of exploitation of and by artists in the capitalist world.

The government newspaper Izvestia said in an article Sunday from Madrid that Mr. Iglesias had sold his integrity in his quest for money. Izvestia said the singer's popularity was based on the simple lyrics of his love songs and that his works displayed no commitment to social values. Mr. Iglesias has a following among young Soviet women.

The newspaper Sovetskaya Kultura said that Music Television, the 24-hour music video cable channel

in the United States, had sharply increased segregation in U.S. entertainment.

"Any new performer can only gain entrance to millions of American homes through the 24-hour MTV with the help of the mass media, which is under the complete control of monopolies," the newspaper said.

"This monopoly of video music has greatly reduced the chances of many talented black singers and musicians playing to wider audiences. The overwhelming majority have neither influential patrons in the business world nor money to make their own records, or video shows."

Sovietkaya Rossiya said that greedy dealers in the United States were continuing to make millions by exploiting, through books and interviews, the memory of John Lennon, who was shot in December 1980 outside his New York apartment.

"The dirty fuss surrounding Lennon's name continues," it said.

WORLD BRIEFS

Walesa Denounces New Jailings

WARSAW (UPI)—Lech Walesa, the Solidarity leader, denounced the authorities Saturday for sending two recently freed union activists back to jail for speaking at demonstrations marking the outlawed union's fourth anniversary.

Wladyslaw Frasyniuk and Jozef Pinior were arrested in the southwestern city of Wroclaw during the rallies Friday and given two-month terms for "disrupting public order." They were the first people returned to prison since the amnesty was set in motion July 21.

Prime Minister Wojciech Jaruzelski accused the United States of instigating the protests calling for restoration of Solidarity. He said Saturday that the United States "is instigating the operation of anti-state forces and is creating artificial publicity around them."

Opposition Leader Chosen in Greece

ATHENS (AP)—Former Foreign Minister Constantine Mitsotakis has been elected leader of the leading Greek opposition group, the conservative New Democracy Party.

Mr. Mitsotakis, 65, from Crete, defeated the former interior minister, Constantine Stefanopoulos, 58, a lawyer from western Greece, in a polling of New Democracy members of Parliament. The vote was 70-41. Foreign minister from 1979 to 1981, Mr. Mitsotakis replaced Evangelos Averoff, 75, who resigned last week after almost three years as party leader. Mr. Averoff had been charged by party members of failing to muster effective opposition to Prime Minister Andreas Papandreu's Panhellenic Socialist Movement. Addressing deputies after his election, Mr. Mitsotakis pledged to maintain a "mild political climate."

Escape in Crate Reported in London

LONDON (AP)—Scotland Yard said it is looking into reports that the head of Nigeria Airways, who is sought for questioning in the abduction of a fugitive Nigerian politician who was found in a crate on July 5, himself escaped from Britain in a crate marked as diplomatic baggage.

The reports Saturday said that Group Capt. Bernard Bamfa had fled on one of his company's planes earlier this week, using the same method as Umaru Dikko's kidnapping. The Times of London said that Mr. Bamfa had arrived in Lagos, the Nigerian capital.

Mr. Dikko, accused by Nigeria's military government of plundering the national treasury when he was transport minister, was found drugged inside a cargo crate with diplomatic labels at Stansted Airport outside London. The crate was about to be put aboard a Nigeria Airways flight for Lagos.

U.S. Agency Rules on Microbe Release

WASHINGTON (WP)—The Environmental Protection Agency has ruled that genetically altered organisms cannot be released into the environment unless the agency is notified.

The ruling came in a case involving a genetically altered microbe engineered to inhibit the growth of frost on potatoes. The environmental agency said it would require notification of a proposed release and would determine if an experimental-use permit is required. To obtain a permit, a company or scientist would have to submit detailed information that would help the agency assess potential environmental risks and, perhaps, impose further safeguards.

Swaziland Says Prince Planned Coup

MBABANE, Swaziland (AP)—The deputy head of state, Prince Sobisa Dlamini, has been suspended after reportedly attempting to lead Swaziland's armed forces in a coup in June, the nation's supreme council of leaders, said Sunday.

There was no word on the whereabouts of the prince, known for his strong beliefs in traditional Swazi customs, or if he is to be punished. Swaziland's half-million people have been governed since the death of King Sobhuza II in 1982 by the Ligoqo. After King Sobhuza's death there was friction among princes who want Swaziland to remain a secretive, traditional monarchy and those wanting representative rule.

Bourkina Fasso Government Named

OUAGADOUGOU, Bourkina Fasso (Reuters)—The president of Bourkina Fasso, Captain Thomas Sankara, has named a new government that reduces the influence of the Patriotic Development League, a Marxist party, according to official sources.

The new government named Saturday replaces the one Captain Sankara dissolved last month when the country's name was changed from Upper Volta. Four influential government members — Adama Touré, minister of information; Philippe Ouédraogo, minister of supply and telecommunications; Emmanuel Dadjougou, minister of arts and education; and Arba Diallo, minister of foreign affairs — are not in the new cabinet.

The former environment and tourism minister, Laitar Basile Guissou, has been promoted to foreign minister, and Major Jean-Baptiste Lingani remains defense minister. Captain Blaise Compaoré retains his position as minister of state to the presidency, Captain Sankara's No. 2.

Floods Hit South Korea, Philippines

SEOUL (AP)—At least 96 people were reported dead or missing Sunday as torrential rains continued to batter Seoul and its environs, flooding thousands of dwellings, Home Ministry officials said.

They said the Han River running through the city had reached the danger level. Flood waters fed by two days' rain have left 30,000 people homeless and disrupted traffic, communications and utilities.

In the northern Philippines, at least 33 people were reported dead and 150,000 others homeless following a severe storm. Red Cross officials said casualty figures could be raised when reports were received from remote areas.

Ivory Coast Corruption Trial Ends

ABIDJAN, Ivory Coast (Reuters)—Seven people have been sentenced to long prison terms following a two-week corruption trial involving former state housing officials.

Six of the seven were sentenced Saturday to 20 years; the seventh received a 10-year term. Most of the seven, including the husband of Jeanne Gervais, a former Ivorian women's affairs minister, also were fined \$6,800 each and ordered to repay the state millions of dollars in embezzled funds.

Those sentenced were found guilty of such offenses as charging the government exorbitant rents for nonexistent dwellings and allowing people to stay in other houses rent-free.

Sudan to Try Ex-Official for Drinking

KHARTOUM, Sudan (Reuters)—A former member of Sudan's ruling Revolutionary Command Council will be tried for alcohol abuse, the official Sudan News Agency said Sunday.

President Gaafar Nimeiri ordered that Mamoun Awad Abu-Zaid, former minister of energy and mining, also be stripped of his Loyalty Son of Sudan decoration after being arrested for drinking alcohol, the agency said.

For the Record

Nearly 100 New Jersey public schools that have failed to complete the removal of asbestos during the summer will not be permitted to open next week, the state government said Friday. Asbestos has been found to cause cancer and other sickness in people who inhale its fibers. (NYT)

The Federal Bureau of Investigation must release the names of informants who infiltrated anti-war groups more than a decade ago and its reports on domestic intelligence gathering, a federal judge has ruled. A Justice Department lawyer said Friday the government may appeal or refuse to comply. (AP)

Uruguay's military government freed Jaime Gerschumi Pérez, a prominent Communist Party member, on Friday after he spent nearly 10 years in prison, relatives said. (AP)

The Dominican Republic's five major labor unions have called on the country's workers to stage a 24-hour general strike Monday to protest increases of up to 100 percent in the price of fuel. (UPI)

Six people were killed and 40 injured when two trains collided Sunday on a small mountain rail line near the town of Martigny, Switzerland, police said. (Reuters)

Pope John Paul II has appointed Mario Agnes, 52, former president of the Italian Catholic news agency Catholic Action, to be the new director of the official Vatican daily L'Osservatore Romano. (Reuters)

A third person has died from injuries received when a Cameroon Airlines plane caught fire last Thursday at Douala airport, Yaounde radio said Saturday. It said that the accident resulted from a fuel leak and not, as earlier suspected, a terrorist bombing. (Reuters)

President Jean-Baptiste Bagaza of Burundi has been overwhelmingly re-elected for a second five-year term in weekend voting in which Colonel Bagaza was the only candidate, according to official results published Sunday. (Reuters)

WORLDWIDE ENTERTAINMENT

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مكتبة



RUN, PORKY, RUN — Merle Mills, center, sets his racing pigs off on a 150-foot course on his farm in Poolesville, Maryland. All broke well except the ham in the center. The pigs were training for the county fair sprint which, in local circles, is the Kentucky Derby of hog racing. With Mr. Mills are his son, Mark, right, and a friend, Earl Fox.

AMERICAN TOPICS

Marines Plan to Add Lebanon to Memorial

The Marine Corps is planning to add Lebanon to the list of military engagements inscribed on the granite base of the two Jima Memorial across the Potomac River from Washington.

The proposal has been approved by the National Park Service, the keeper of the nation's monuments. The Marines were first sent to Lebanon briefly in August 1982 and the following month President Ronald Reagan sent in a larger contingent as part of a multinational force. Before they were withdrawn in February 1984, the Marines sustained more than 250 casualties, most of them in the bombing of their compound at Beirut International Airport in October 1983.

\$1-Million Fish Didn't Take the Bait

The one that got away wasn't all that big, but it was worth a lot of money.

Some 4,000 fishermen recently spent a day trying to catch a 5-pound (2.25-kilogram) bluefish that had been netted off Bridgeport, Connecticut, tagged and released into Long Island Sound. The sponsors were a Connecticut radio station and a nonprofit group that promotes activities on the sound, a favorite East Coast recreation area.

The object was to catch the fish before the one-day deadline. No one did, and the insurance company that sold the policy guaranteeing the \$1-million prize as a 20-year annuity breathed a sigh of relief.

The odds in the insurance company's favor were huge: Long Island Sound covers more than a thousand square miles (more than 2,500 square kilometers) and contains perhaps a million bluefish.

However, there was a winner of the prize for catching the biggest bluefish. Oscar Navar-

re, 35, of Stamford, Connecticut, snagged a 19.53 pounder — and a \$10,000 purse.

No One Will Read A Book Like This

The Institute of Expertology, an august body of experts on expertise, is about to produce its first publication. "The Experts Speak," to be published shortly, contains roughly 2,000 quotes from experts in nearly every field, all of them fallacious. Some examples:

• "Degas is repulsive," said The New York Times on April 10, 1886.

• "This is positively my final marriage," said Barbara Hutton after her sixth but not final marriage.

• "I'm sorry, Mr. Kipling, but you don't know how to use the English language," wrote the editor of The San Francisco Examiner in a rejection letter to Rudyard Kipling in 1889.

"This doesn't mean that experts are always wrong," said Christopher Cerf, who founded the institute along with another writer, Victor Navasky. "They may be right 50 percent of the time."

S. Carolina Is Center For Private Adoption

South Carolina has become the nation's center for private adoptions because its state laws are so lax, according to state attorneys and adoption agencies. In some cases, out-of-state couples can fly in and adopt a baby in just one day.

Normally the cost of a private adoption is \$6,000 to \$10,000 including legal fees, medical costs and living expenses for the mother until a month after the birth. Fees as high as \$22,000 have been reported, however. By contrast, the state adoption agency charges \$2,200. It also requires a minimum six-month waiting period.

There continues to be a huge

unmet demand in the United States for babies for adoption. The National Committee for Adoption estimates that 40 couples are seeking a child for every healthy white baby who is available for adoption. For black babies, the waiting time is less but it's still longer than South Carolina's one day.

Notes on People

Associates of Mortimer Zuckerman, the Boston real estate developer turned publisher, do not expect any major changes in the editorial leadership and staff of U.S. News and World Report when he takes over the Washington-based magazine next week.

Marvin L. Stone will remain editor, but there is talk that Mr. Zuckerman might replace the head of the business side, James H. McInerney, whose title is president.

Howard Karminsky, 44, formerly head of Warner Books, has joined Random House in the new job of publisher and chief executive officer of the trade book department. Peter Quana, 40, who went to Random House as senior editor after working as editor and correspondent for The Washington Post, will assume the additional title of associate publisher.

Postmaster General William F. Bolger predicts that the price of a first-class postage stamp will rise to 23 cents by early 1985. It now costs 20 cents to mail a letter.

The Reverend Sam Myung Moon, head of the Unification Church, is well into his second month of prison in Danbury, Connecticut, but the controversy over his tax-exemption conviction hasn't ended. The Reverend Joseph E. Lowery, head of the Southern Christian Leadership Conference, and Dizzy Gillespie, the jazz trumpeter, were among more than 1,000 marchers protesting the jailing of Mr. Moon in a recent New York City demonstration.

'Steam Grate, 21st and E' Becomes Tiny New Washington Voting Bloc

By Susan Rasky
New York Times Service

WASHINGTON — When Raymond E. Lamb and Willie R. Jenkins Jr. decided to add their names to the District of Columbia voter rolls last spring, the residence they listed on the registration forms was "Steam Grate, 21st and E Streets, N.W." It was an address that presented both a painful glimpse of reality and a vexing challenge to the officials who run the district's election apparatus.

Mr. Lamb and Mr. Jenkins are among the estimated 5,000 to 10,000 people who, by necessity or by choice, have made the streets, the alleys, the building doorways and the steam vents of Washington their homes. Estimates of the number of homeless people in the United States range from one-third of a million to two million.

Until Mr. Lamb's and Mr. Jenkins' voting forms appeared on the desk of the city registrar, it had seldom occurred to anybody, least of all the vast majority of the homeless themselves, that life without four walls and a roof might raise a question about the right to vote.

The question was resolved June 4 in a decision by the Board of Elections and Ethics that officials believe has made the District of Columbia the first jurisdiction in the country to guarantee voting rights for homeless people.

The decision has since spawned efforts by homeless rights groups in New York, Philadelphia and Phoenix, Arizona, to have their election officials, or if need be the courts, establish similar guarantees.

It was the Community for Creative Non-Violence, a local homeless-rights advocacy group, that urged Mr. Lamb, Mr. Jenkins and three other "street people" to fill out voter registration forms.

At the time, the organization was gathering signatures to place on the

November ballot an issue that would require the District government to provide adequate shelter for all homeless people. Group officials said it was only logical that those who would be most affected by the ballot issue should have an opportunity to vote on it.

The five voter applications were initially rejected by the city registrar on the ground that steam grates and such did not meet statutory requirements for a "fixed address." Then the Community for Creative Non-Violence appealed the decision, and won.

"The problem is not so much that we deny the homeless their rights, but that for most of society the homeless don't exist, so their rights are never even considered," said Mitch Snyder, a spokesman for the volunteer group.

Under the registration system devised by the election board, homeless people who choose to list an outdoor place as a legal residence are required to also provide a mailing address, such as a church

or shelter, that will allow election officials to keep in touch with them. So far, only a dozen homeless people have sought to register in Washington.

In mild weather, the tree-lined park surrounding the steam grate where Mr. Lamb and Mr. Jenkins sleep is considered by street people to be one of the choicest locations in the capital. The park extends two full city blocks in an area of town known as Foggy Bottom.

By day its beaches and grassy slopes provide spots on which to rest or to observe the comings and goings at the State Department, which is across the street.

By night the federal buildings with their bright lights and round-the-clock guards provide an extra measure of security for the 15 to 20 people, including several women, who have been calling the park home recently.

Mr. Lamb and Mr. Jenkins invited a visitor to share a pack of cigarettes and a corner of their blanket as they talked a little about themselves.

For Mr. Lamb, life on the streets for the past three years has been a harsh but partly self-imposed exile from mainstream society. He plans to "go back in" on Oct. 1, although he did not elaborate on the significance of the date. Mr. Lamb spent 15 years as a federal air-traffic controller and was dismissed in 1981 after walking out in sympathy with unionized strikers.

"I guess my whole everything turned inside out," he said. "There was a lot of conflict within myself at the time, a tremendous pressure."

Mr. Jenkins, a former guard at the Corcoran Gallery of Art, has been on the street for about a year. He has a family, but not much to say about it. "That part of my life is over now," he said. "I want to be out here."

U.S. and China Building Study Center in Nanjing

United Press International

BALTIMORE — Groundbreaking ceremonies were held Saturday in China for a jointly run U.S.-Chinese academic facility, John Hopkins University announced.

As many as 100 graduate students from both countries will live and study together at the Johns Hopkins-Nanjing Center for American and Chinese Studies, scheduled to open in Nanjing by the fall of 1986, the university said. The center will offer courses in Chinese and American language, literature, history, economics, education, political science, law and other subjects.

Reagan Assured, Mondale Aggressive for Fall Race

By David S. Broder
Washington Post Service

WASHINGTON — President Ronald Reagan and his Democratic challenger, Walter F. Mondale, officially kick off their fall presidential campaigns Monday with a shared belief that the outcome will shape the country's future, but with very different strategies for winning the race.

Mr. Reagan — who holds the biggest pre-Labor Day polling advantage of any incumbent in 12 years, but one his strategists say is not erosion-proof — hopes to amass an electoral college victory as big as his 44-state sweep in 1980.

By contrast, Mr. Mondale seeks to exploit divisions between voting blocs created in the last 44 months, and hopes to trigger a huge increase in voter turnout. Even if that happens, aides concede that Mr. Mondale would be lucky to eke out a narrow electoral college victory.

Mr. Mondale, who trails everywhere, wants to "come out smoking" and try for an across-the-board increase in his share of the vote. That desire is symbolized by Mr. Mondale's scheduled campaign sweep on Monday with his vice presidential candidate, Geraldine A. Ferraro, from New York through Wisconsin to Long Beach, California.

His campaign chairman, James A. Johnson, says the goal is to "raise the stakes" for the voters by stressing his disagreements with Reagan policies, and by contending that they will endanger the future of the United States.

Mr. Reagan is to start his campaign in friendly territory in his home state of California, while Vice President George Bush will spend the week mainly in the South. The West and the South offer the Republicans a seemingly

secure electoral base, something Mr. Mondale lacks.

Next week, Mr. Reagan plans to carry the attack to Mr. Mondale in the more marginal Middle West and Northeast. The president will start at a measured pace, according

NEWS ANALYSIS

to his campaign director, Edward J. Rollins, then increase the pressure as the Nov. 6 election nears.

And although Republicans assume that Mr. Mondale will deliver "a pretty shrill attack" on Mr. Reagan's policies, in Mr. Rollins's words, "the president will not respond," but rather will emphasize his themes of strong leadership and continued economic growth.

The opening gambits are shaped by the contrasting political needs of the two campaigns. Mr. Reagan starts with a lead that was measured as 52 percent to 41 percent in an August Gallup Poll. This is the best position for an incumbent since Richard M. Nixon's 34-point lead over George S. McGovern in 1972.

But the history of polling bears out the warnings against complacency that filled the hall of the Republican National Convention in Dallas last month.

Four years ago, President Jimmy Carter had a six-point lead over Mr. Reagan in August and lost by more than nine points. In 1976, a similar swing carried President Gerald R. Ford up from a 17-point deficit to a narrow two-point loss.

In 1968, Hubert H. Humphrey started out 16 points behind Mr. Nixon and ended up losing by less than one point.

But Mr. Mondale is also running against a politician who has never lost a general election campaign, and running against the power of the White House.

Two elements in the politics of 1984 add to the uncertainty. First, Ms. Ferraro is the first woman on a major-party ticket. She has been drawing so much attention, favorable and unfavorable, that Mr. Rollins suggested that one of Mr. Mondale's main objectives in the next few weeks must be "to get himself out front and get her on the back pages, where vice-presidential candidates are supposed to live."

The second uncertainty is the outcome of the registration race in which both parties are now engaged. With help promised from the Reverend Jesse L. Jackson, whose presidential nomination bid helped swell the ranks of black voters, Democrats hope to enlist millions more of the low-income voters who are likely to back their ticket.

Republicans say that, so far, they have at least kept pace by targeting military families, young business people who have moved and, particularly, evangelical Christians, and adding more than two million of them to the rolls.

Mr. Mondale is targeting by geography, rather than by ideology — a judgment the Republicans think is a mistake. Mr. Rollins and others have questioned why Mr. Mondale and Ms. Ferraro did not vote August to "mail down their base," the band of states between his Minnesota and her New York, rather than scatter their efforts through the South, the West Coast and the Great Plains.

The critics will raise more questions about this week's schedule, which shows Mr. Mondale and Ms. Ferraro heavily committed in California, where Mr. Reagan has never been defeated, and campaigning also in places like Spokane, Washington, and Merrill, Wisconsin, which are hardly centers of Democratic strength.

But Mr. Johnson contends that the August effort paid dividends and asserts that Mr. Mondale can "move the voter numbers nationally."

To the extent that there is targeting now, he said, it is aimed at "Democrats who voted for Reagan in 1980 and both Democrats and independents who voted for Gary Hart," the Colorado senator who was Mr. Mondale's main challenger for the Democratic nomination.

Republicans agree that the target groups for 1984 are the 1980 hincollar Democrats-for-Reagan and the "Yuppies," or young urban professionals. Both sides also are aiming at ticket-splitting Democrats and independents who liked Mr. Hart last spring.

The logic of the Republicans' schedule is evident. Mr. Reagan is to open in California and Utah to "solidify his base," as Mr. Rollins put it, then go to Chicago for the first foray into the Middle West-Northeast area that ought to be

Mondale-Ferraro territory but that so far, the polls say, is not.

By this technique, Mr. Rollins said, Republicans "can test if the leads we have in what should be their territory are solid. If they are — if they hold up through Oct. 1 — we can go for a big win, a 50-state strategy. If not, we still have a strong base on which to fall back."

Mr. Mondale's strategy is riskier, but the trailing candidate has fewer options. Wherever Mr. Mondale campaigns, Mr. Johnson said, his aim will be to show the voters that "this is a critical election, whose outcome can affect their future and that of their children."

Mr. Mondale, according to a senior adviser, Richard C. Leone, will emphasize four themes: his disagreement with Mr. Reagan on arms control; his challenge to Mr. Reagan to raise taxes and curb the budget deficit; his opposition to Mr. Reagan's domestic spending cuts; and his opposition to Mr. Reagan's call for school prayer and anti-abortion amendments.

Kahane Urges Jews to Shun Mondale And Calls Jackson a 'Vicious Fraud'

United Press International

NEW YORK — Rabbi Meir Kahane has started a campaign to convince American Jews not to vote for Walter F. Mondale, saying he wants to punish the Democratic Party for giving in to the Reverend Jesse L. Jackson.

Mr. Kahane, a member of the Israeli Knesset, or parliament, said at a news conference that "Jackson is such a vicious fraud, such a Jew-hater."

Mr. Kahane said he "wants to plead with American Jews to punish the Democratic Party because

of giving in to Jackson," a former Democratic presidential hopeful.

Mr. Kahane also described Mr. Mondale as a "guiltless wimp" for not denouncing Louis Farrakhan, the leader of a Black Muslim sect who supplanter that was Mr. Farrakhan's remarks considered anti-Semitic.

The news conference Friday was Mr. Kahane's first in the United States since his election to the Knesset five weeks ago. Mr. Kahane, 52, who was born in Brooklyn, said he hoped to be in the United States two weeks.

B-1 Crashed Avoiding Other Plane, Sources Say

By Wayne Biddle
New York Times Service

WASHINGTON — The B-1A prototype bomber that crashed last week stalled while maneuvering to avoid an observation plane, according to government officials who said they heard the explanation from military sources.

They said Friday that an F-111 observation plane went too close to the bomber, prompting its pilot to bank sharply to the right, which caused a sudden loss of lift.

Air force spokesmen at the Pentagon and at Edwards Air Force Base, California, where the crash occurred, declined to discuss its cause pending an official investigation. The air force did confirm that the F-111 was filming the bomber's test of light control at low speeds.

Rockwell International Corp. is the prime contractor on the B-1 project. The company's chief test pilot, Tommie Douglas Benfield, was killed in Wednesday's crash.

[The Washington Post and CBS News have quoted sources who said that the plane stalled when the crew lost control while testing how slowly the bomber could fly at low altitude.]

[Meanwhile, Tommie Douglas Benfield Jr., the son of the B-1 test pilot, said a navy pilot told the Los Angeles Times that he had been given no indication that the observation plane was involved in the crash. He declined to say what he knew about the incident.]

Government sources said one of three parachutes on the crew capsule failed to open until the capsule was near the ground.

The capsule contained the entire crew area: a small cockpit with room for a pilot and co-pilot and two seats directly behind them. The front and rear seats were separated by a steel wall that blocked outside visibility from the rear crew positions.

The B-1B production model bomber, which is to be unveiled publicly Tuesday in a ceremony at Rockwell's plant in Palmdale, California, is to carry individual ejection seats instead of the escape capsule.

The air force declined comment on the performance of the capsule. At a news conference Friday at the California Base, Major General Peter W. Odgers of the air force, commander of the Flight Test Center, said the B-1A was flying at about 180 knots (207 miles per hour) at 3,500 feet (1,067 meters) at the time of the crash. He would not comment on possible causes for the crash.

The speed at which an aircraft loses sufficient lift to remain airborne varies according to its basic

design as well as its flight pattern. The B-1 test flight was intended to explore the bomber's most delicate aerodynamic balances in the low range of permissible flight speeds.

Critics of the B-1 have contended that it is one of the least maneuverable bombers ever built.

Maneuverability would be of crucial importance for a B-1B attacking an enemy target. The plane is designed to make sharp turns at about three-quarters the speed of sound as it hugs the terrain of enemy territory to avoid radar detection.

Spokesmen for the air force and Rockwell have denied that the B-1 lacks maneuverability, saying the plane is capable of meeting the demands of both high-altitude and low-level flight.

Voice of America Is Gearing Up to Be Heard

By Stephen Engelberg
New York Times Service

WASHINGTON — In many corners of the world, the Voice of America's shortwave radio broadcasts come through with all the authority of a whisper at a crowded cocktail party.

The reason: The United States sends its programs in 42 languages on the best equipment money can buy — if one was doing the buying in 1945.

Nearly 80 percent of the transmitters are more than 15 years old. Some were seized from the Nazis at the end of World War II and are so old the Voice of America operates its own machine shop to make spare parts.

But Kenneth Y. Tomlinson, who ends a two-year term as director this week to join Reader's Digest as a managing editor, says he believes he has laid the groundwork for improvements in the station's signal within three to four years.

Montana Firefighters Control Most Blazes

Washington Post Service

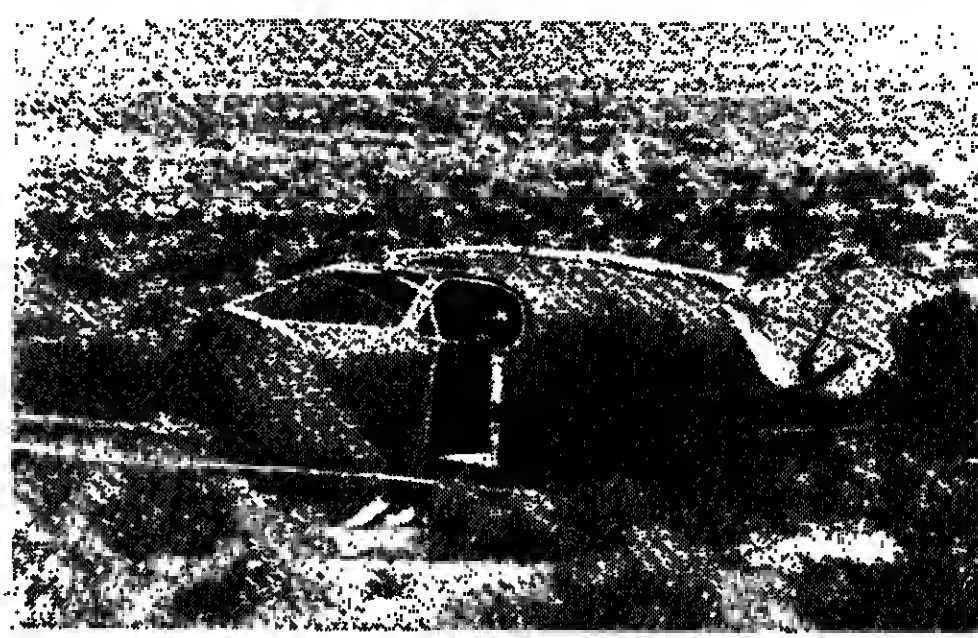
MISSOULA, Montana — Montana's weeklong battle against wildfires neared an end during the weekend as officials declared 10 major fires under control and decided to let three others, in remote areas of northwestern Montana, burn until snowfalls douse them in about a month.

Firefighting crews from seven Western states headed home Saturday and Sunday.



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The escape module of B-1A bomber that crashed last week.

voice, says, "Our broadcasts will carry the truth to captive people throughout the world."

The Voice of America is one of the most unusual agencies of the federal government. It is part of the United States Information Agency and it combines political appointees, career Foreign Service officers and professional journalists who serve as correspondents in Washington and foreign capitals.

The Voice of America, broadcast worldwide, covers world news as well as reports on the United States. "I have often said that running a journalistic enterprise under government rules constitutes an unnatural act," Mr. Tomlinson joked.

Some of the Reagan administration's innovations for the Voice, such as the advent of editorials extolling administration policy, have caused opposition and fears that the broadcasts could be seen as propaganda. But other initiatives, including the drive to buy better transmitters, have gained bipartisan support.

Mr. Tomlinson says the world of international broadcasting is becoming increasingly competitive. The cost and size of shortwave receivers have been dramatically cut by new technology, and the potential audience has grown. Since 1950 the number of transmitters worldwide has grown from 385 to 1,580, the Voice says.

This competition involves familiar names like the British Broadcasting Corp. But countries like Japan are also on the verge of a major expansion of shortwave services, and China may follow suit, Mr. Tomlinson said.

"I think competition is very, very good," Mr. Tomlinson said. "I've encouraged a competitive sense between the Voice of America and other Western broadcasters because I wanted to get across to our people that we needed to offer a daily documentary that was better than the BBC's. From an internal standpoint I tried to increase the awareness of the competition because, internationally, the competition is out there."

The Voice of America estimates its audience at 110 million people over the age of 15 who tune in at least once a week. Officials concede that these figures are guesses. In Eastern Europe, for example, a listener survey is based on interviews with travelers from the Communist bloc who are visiting the West.

Mr. Tomlinson said the Voice of America charter required the broadcasts to present the views of the administration.

"Someone complained that your editorials sound just like Ronald Reagan," Mr. Tomlinson said, "and I said you're darn right and I'm proud of it. The editorials should reflect the viewpoint of the party in power."

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Herald Tribune

Published With The New York Times and The Washington Post

In Nicaragua, All the Above

Here is a multiple-choice question. Since June, American and Nicaraguan negotiators have met four times. Both sides call the results constructive. What does constructive mean?

- That the hawkish Reagan administration is throwing a crumb this election year, to domestic doves?
- That the State Department is pushing for bureaucratic advantage against the more belligerent Pentagon and CIA?
- That the Sandinistas want at least to look reasonable to world opinion?
- That both countries truly want a live-and-let-live arrangement?

The right answer, probably, is all of the above. Both sides are marching crabwise, because there is no consensus on any strategy except to play for time. Yet to judge by leaked accounts, the negotiators have put on the table the essence of a workable bargain.

Washington wants Managua to end any aid to Salvadoran insurgents, to cut military ties with the Soviet bloc, and to honor promises of free elections. Almost symmetrically, Nicaragua asks the United States to cease its help in Honduras and El Salvador, and respect Nicaraguan sovereignty.

What makes such a bargain conceivable are the constraints on both sides. President Reagan cannot drum up votes even for a covert war. The Sandinistas know that to follow Cuba into overt communism would demolish support from Latin and European democracies.

Then why don't the parties cut a deal? Because the gulf of suspicion is too wide. Americans fear that if the siege is lifted, the Sandinistas will resume covert gun-running to guerrillas elsewhere. Nicaragua fears that the CIA would exploit any settlement by resuming its covert aid to contras.

The one promising note is the Sandinist pledge, made with an eye on foreign opinion, to hold elections on Nov. 4. But that vote can make a difference only if it points the way to a genuine multi-party state.

Nicaragua is not Cuba, not yet. Sandinist rule is challenged by a coalition of democrats, by an opposition newspaper that is censored, and by a hostile Roman Catholic Church. Something like a political debate continues.

But for years, the country has been ruled without a constitution, without votes, without real opposition parties. No opinion polls are allowed and yet the regime claims to speak for almost everyone. If so, why should it fear giving Arturo Cruz a chance in run for president? Mr. Cruz is an outspoken democrat who broke with the Sandinistas when they betrayed their pluralist promises. He is asking reasonable guarantees of fair access to state-controlled media in an election he has little chance of winning. But even a decent showing would begin to open up a closed system and provide, finally, a multiple choice that can make a lasting difference.

— THE NEW YORK TIMES.

On the Mont-Louis's Cargo

When the French freighter Mont-Louis sank in the English Channel recently, it was carrying a cargo of uranium on its way to the Soviet Union. The Russians were to enrich it under a commercial contract for use as reactor fuel and ship it back in casks in Germany, Belgium and West Germany. The sinking raised two questions. First, is the uranium dangerous? And why were the French sending it in the Russians for enrichment?

No, the cargo is not dangerous. When uranium is in its natural state, as it is mined out of the Earth, about seven-tenths of 1 percent of it is U-235. That is the isotope that can be made to fission in order to generate heat — or to explode. Most of the uranium in this cargo was at the natural level or slightly below. Some of it was enriched slightly to nine-tenths of 1 percent U-235. The Russians were to have brought it up to 4 percent, the customary level for civilian reactor fuel. Weapons require enrichment closer to the 90-percent level.

Why go to the Soviet Union? Up to the early 1970s, the United States enriched just about all of the fuel for all reactors worldwide except the Russians. The West Europeans were uneasy about such total dependence on the Americans for a crucial supply, and they began to turn to the Soviet Union as a second source. The cargo of the Mont-Louis was going to the port city of Riga under a contract signed in 1973, just before the beginning of the first oil crisis.

While the oil crisis made the Europeans more apprehensive than ever about security of supply, access to American enrichment under the following years seemed to become less dependable. In the Nixon-Ford period, the United States talked about turning the enrichment business over to private enterprise and raising the charges. In the Carter administration, it imposed unilateral conditions on the fuel to try to prevent diversion to weapons. The Europeans considered the conditions ineffectual and demeaning. They responded by developing their own enrichment capacity and maintaining their Soviet contracts as a further alternative. To the Europeans, security of supply means having a choice of sources.

There is a lesson here for the United States in its struggle to prevent the proliferation of nuclear weapons. As more countries around the world rely on reactors for electricity, it is important for Americans not to pursue policies that encourage them to build more and more enrichment plants. Enrichment, remember, is the link between reactor fuel that will not explode and bombs that will. Earlier this year the U.S. energy secretary, Donald Hodel, promised other countries cheap and reliable enrichment in the United States. That is a notable incentive to nonproliferation.

— THE WASHINGTON POST.

Other Opinion

Cracks in Moscow's Empire

It is plain to anyone who has visited the Soviet Union or its East European satellites that the Communist system is bankrupt. Everywhere in that area, the pressure is mounting for more political and economic liberty.

But the Reagan administration is doing a disservice to the oppressed peoples of the region by asserting — or even hinting — that the United States can significantly do something to improve their conditions. Nothing is worse than to make promises that cannot be fulfilled.

Leaders of the Polish-American Congress, in a switch of position, now say that indirect U.S. assistance can contribute to Poland's prosperity and, over the long term, prevent closer ties between the Polish regime and the Kremlin. This is an enlightened view, recognizing as it does that nationalism is more powerful than ideology. The Poles have detested the Russians for centuries. That is the reality elsewhere in Eastern Europe.

It would be an illusion to forecast the imminent arrival of New England Town Hall democracy to Eastern Europe. It would also be illusory to imagine that the Soviet Union could allow its empire to collapse.

But internal changes of enormous dimensions are taking place, and they are bound to continue — particularly with the rise of a younger generation that yearns for freedom and consumer goods. These changes can best be hastened by caution on the part of the United States, not by Cold War slogans.

— Syndicated columnist Stanley Karnow.

Much of Soviet truculence today stems from the Soviet paranoia about secure borders, and

it is due to this preoccupation that the Kremlin has soldiers garrisoned in East European states. The obsessive fear is the cause of much of Soviet suspicion of the West and the resistance to a German rapprochement.

The free democracies Mr. Reagan envisages for the East can only come about through dialogue and a common understanding with the Soviet Union, and it will take a time far longer than the span of a single presidency. Bluster and sanctimonious preachings can only make this already remote possibility more distant. The only approach that is a success in principle and a success in fact is the Russian leadership respects power but would not submit to threats.

— The Hong Kong Standard.

The Theology of Liberation

On Monday the Sacred Congregation for the Doctrine of the Faith produced its long if not enthusiastically awaited "instructions in some aspects of the theology of liberation."

The main thrust of the "instructions" seems clear; it conforms remarkably closely, if not seamlessly, with the pope's well-known opinion that Christian theology and atheistic Marxism are irreconcilable, and any attempt to fuse them is dangerous and therefore to be discouraged altogether. This is unlikely to alter the view of increasing numbers of Latin American priests that, from where they are standing, on the ground with their flock, the struggle of the poor for social justice and the struggle of the proletariat to cast off its chains look remarkably similar.

— The Guardian (London).

FROM OUR SEPT. 3 PAGES, 75 AND 50 YEARS AGO

1909: Did Cook Reach the North Pole?
LONDON — Dr. Frederick A. Cook's discovery of the North Pole arouses interesting comment in "The Morning Post" [Sept. 3]: "In his dispatch to the New York Herald Dr. Cook tells how, following tracks worn by big game, he reached the Polar Sea and set out across the ice pack with two Eskimos and thirty-six dogs, and how, after incredible hardships and privations, they reached the North Pole on April 21, 1908. It is a startling story, and for the present it must, of course, be accepted with reserve. A man of science like Dr. Cook would be the first to condemn an attitude of unhesitating credulity. He will recognize that it is the duty of geographers and scientists to make sure that there lurks no possibility of error."

1934: U.S. Textile Workers Strike
WASHINGTON — One of the most serious strikes in the history of industry in the United States, and the first major threat to President Roosevelt's recovery program, began [on Sept. 2] when the last of 850,000 cotton, woolen and silk workers left their jobs on orders from Francis J. Gorman, chairman of the strike committee of the United Textile Workers' Union [which is demanding a revision of the N.R.A. Textile Code for a 34-hour workweek without reduction of wages], with instructions not to return when work would normally resume [on Sept. 4]. Industry and labor thus squared off for what is believed will be their greatest battle in a strike which would cut off \$7 million a week from U.S. purchasing power.

U.S. Needs a Serious, Bipartisan Approach to Soviet

By W. Averell Harriman, Clark M. Clifford and Marshall D. Shulman

NEW YORK — The spectacle of a great nation leaving crucial issues — the control of nuclear weapons — to media consultants and image-manipulators, the modern gladiators of politics, increasingly generating apprehension among many Americans as well as in the wider world. What is needed instead is serious discussion leading to solid bipartisanship.

The most urgent matters confronting us — nuclear weapons and superpower relations — can no longer be left to the vagaries of circus politics. If the governance of the United States is to be equal to Americans' responsibilities, both parties must seriously discuss the choices to be made, and out of that discussion must come, in place of extremism, a new articulation of the measured center ground that can restore bipartisan support for responsible policies.

It defies common sense to assert that the United States has become more secure. In fact, since 1981 its situation has become deeply troubling. There has been a total break-

down in negotiations with the Soviet Union while America has rushed into the largest peacetime military buildup in its history. Some regard these developments with complacency, even satisfaction; they are blind to the dangerous trends set in motion.

On both sides of the nuclear balance, the military competition is steadily mounting. New systems planned and introduced are bringing both sides closer to the hair trigger. Many of these systems will prove extremely difficult, perhaps impossible, to verify, and that will make any future arms control agreements far harder to reach.

The lack of serious diplomatic contact heightens the danger of miscalculation and escalation in a crisis. And the Western allies' diminishing confidence in the wisdom and good sense of U.S. leadership accelerates fragmentation of the alliance and the tensions in and between Western European nations. If present trends continue, the alliance may be reduced in a few years to little more than a shell.

Despite all the boasts from officials including President Reagan and the chief delegate to the United Nations, Jean J. Kirkpatrick, U.S. national security policy now rests largely on illusions and faulty judgments.

With insistence and zest, the Reagan administration has taken up the erroneous assumption that Moscow has acquired a nuclear advantage, and that huge programs of new nuclear weapons are needed not only to overcome a supposed U.S. inferiority but also to achieve security through superiority. The prevailing judgment has been that a U.S. military buildup can compel the Kremlin to accept negotiations on American terms and that if it does not, the Soviet Union will break under the strain of trying to keep pace. The effect has been the opposite: The administration's military programs have stiffened the Kremlin's determination to match U.S. military efforts.

U.S. policies have made Moscow more truculent, more persuaded of a malign American intent — therefore

more dangerous. This embattled state of mind has also tightened the grip of repressive practices in Soviet society.

The Reagan administration has never treated arms control as truly important to national security. Positions have been advanced in negotiations, not to find common ground but to create the appearance of flexibility as a mask to justify a further buildup. Because the proposals have been so one-sided, they have turned the talks into an unproductive forum for invective. Moscow's walkout from the strategic arms talks cannot be excused — indeed, its policies bear a heavy share of the blame, but so must the Reagan administration.

The limited programs of cooperation set up by the Nixon administration have all been systematically dismantled. Restrictions on trade relations have tightened. The rhetoric of hostility has reached a new crescendo, unprecedented in two decades, with angry exchanges only intermittently and tactically restrained. Recently, the administra-

tion revived John Foster Dulles's policy of "rollback" in Eastern Europe — whether as serious policy or merely campaign rhetoric is not clear. The only plausible explanation for the overall course is that those with a dominant voice in the administration have a not-so-hidden agenda leading toward confrontation, to the mistaken belief that the Russians can be forced to buckle. In effect, that agenda has been advanced by Moscow's lack of restraint in exploiting opportunities in the Third World and in its military programs — for example, in deployment of SS-20 missiles.

The absence of strong, self-confident political leadership in the Kremlin during a prolonged succession process has made it difficult to exercise control over the military establishment. But the Soviet leadership, whatever its present condition, faces major economic problems, heightened by the prospect of still greater depletion of resources in the military. Whether Moscow's concern about this is powerful enough to bring it to accept negotiated limits on the military competition is not entirely clear. That possibility should be tested by serious U.S. efforts to shape agreements that serve both nations' legitimate security interests. Such efforts need not presuppose trust or benign Soviet purposes; they depend only on the extent in which Moscow recognizes its interest in reducing the risk of war.

Plot Against Moscow or a Ginger 'De-Satellization'?

By Leopold Unger

BRUSSELS — Sovereignty and independence were not mentioned in 1968 when Leonid Brezhnev explained to Czechoslovak leaders, after they had been shipped to Moscow, the reasons for the invasion of their country.

Zdenek Mylnar, a close associate of Alexander Dubcek, summarized the Soviet leader's explanation: "Your country lies on territory where the Soviet soldier tried in World War II. We bought that territory at the cost of enormous sacrifices and we shall never leave it."

"In the name of the dead in the world war who laid down their lives for your freedom as well, we are therefore fully justified in sending our soldiers into your country so that we may feel truly secure within our common borders. It is immaterial whether anyone is actually threatening us. It is a matter of principle. Independent of external circumstances, and that is how it will be."

Now, 16 years later, Soviet leaders express the same attitude toward East Germany and other so-called allies. Has the Kremlin, in the 40 years since the war, been unable to assure its power and the cohesion of its empire by any means other than the threat of armed intervention?

Since the famous Khrushchev report in 1956 on the excesses of Stalinism, the Soviet Union has wasted every opportunity for an intelligent and advantageous "de-satellization." Yet from the disturbances in Poland and Hungary in 1956, in Czechoslovakia in 1968 and Poland in 1981, to the present tension with East Germany, no leader of an East-bloc country has dared suggest renegotiation of the Yalta agreements that split Europe, nor dissolution of the Soviet empire. That would be suicidal.

Except for Tito in 1948, no satellite leader has opposed Soviet hegemony — since acceptance of it is the guarantee of those leaders' existence. Neither has any Kremlin leader had the courage to put forward the idea of a Communist commonwealth.

Yuri Andropov made a rare concession shortly before disappearing from public life. In a speech on June 15, 1983, he said: "The past two decades have enriched our idea of the world of socialism and have shown how diverse and complex it is. Be-

tween individual socialist countries there are big distinctions. This is only natural, even if it seemed to us at one time that it would be more uniform."

This statement has legitimated a policy that attempts to guarantee the imperial interests of the Soviet Union while allowing diversification of the means employed by the various members of the "family."

Moscow has decided that others may be allowed to reduce the running costs of the empire and increase its efficiency. There are limits, of course — hence the violent disturbances in Prava concerning the rapprochement of the two Germanys. But signs of this tactical tolerance are evident.

In the German Democratic Republic, Erich Honecker headed the committee celebrating the 50th anniversary of Martin Luther's birth. He has received Franz Josef Strauss, leader of West Germany's Christian Socialist Union. And he may yet visit Bonn for talks with Helmut Kohl, chancellor of the "revanchists."

The benefits accrue. As Western taxpayers subsidize East Germany, helping give it a higher standard of living than any other Eastern state, it effectively becomes the 11th member of the European Community. Yet two-thirds of East Germany's tech-

nological exports continue to go to the Soviet Union.

Poland has freed most of its political prisoners, some of whom are, according to Soviet propaganda, the symbol of imperialist subversion. The net benefit: Lech Walesa speaks of a step in the right direction; the church declares that the forces of hatred are dying down and it repudiates any direct confrontation with authorities.

Hungary is partially integrated in the Western economy. The benefit: Amazing prosperity, complete calm.

Romania took part in the Olympic Games. The gain: Forced to choose between Romanian Stalinism and Soviet Stalinism, Romanians submit to the Ceausescu cult.

Obviously, the reality is more complex. But the diagnosis is valid: To preserve the calm and stability of its empire, the Kremlin is prepared to let the various nonmembers play their cards themselves.

For discredited leaders this provides a unique opportunity to restore a "nationalist" virgility.

Otherwise, Erich Honecker's presence in Bucharest, where he was the sole East European leader at the celebration of the 40th anniversary of the Romanian liberation, taken with the possibility of visits to Bonn in coming

weeks of three Warsaw Pact leaders (Todor Zhivkov of Bulgaria, Mr. Honecker and Nicolae Ceausescu) and all this just before Foreign Minister Hans Dietrich Genscher's anticipated visit to Warsaw in October or November — would inevitably be viewed in the Kremlin as a plot and a conspiracy. It is not.

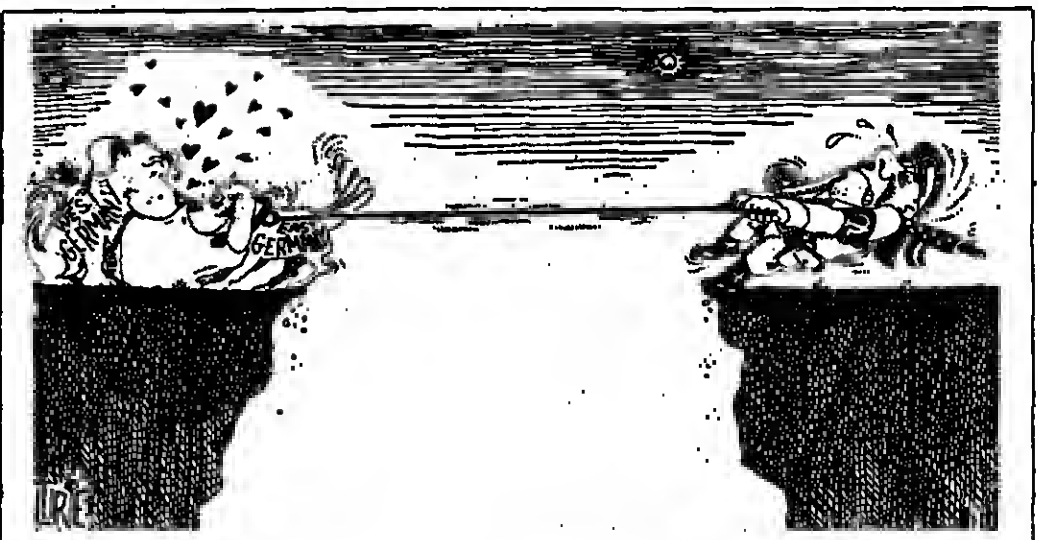
Two main conclusions can be drawn. First, these deviations should not give rise to false impressions: These Eastern "rebels" did, after all, support the assassination of Solidarity and all that it represented.

Second, in the East, "socialism" is no longer mentioned very seriously. Ideology is dead. Naked power is the name of the game. The question now is not whether to question Soviet hegemony, but how best to exercise it, and profit from it.

The Kremlin knows, of course, that the dynamics of profitability will move the satellites farther from the Soviet model, and that the West has everything to gain by encouraging this. The purpose of the attacks on the Germans is to make clear the acceptable outer limits of this "encouragement."

The Kremlin also knows that the Brezhnev doctrine is just as vigorous now as ever. It can always call in its troops. They are not far away.

— International Herald Tribune.



This Time, a Big Voter Turnout May Not Benefit the Democrats

By Tom Wicker

NEW YORK — Voter turnout is almost certainly going to rise in the 1984 presidential election, analysts believe. They differ on the extent of the increase but agree on its main cause — Ronald Reagan, whom people strongly support or passionately oppose.

Generally speaking, a big turnout should favor the Democrats, but there are more of them, and more potential Democrats among the low-income and minority Americans who make up much of the public that has not been voting. But this result cannot be taken for granted in 1984.

The American Coalition for Traditional Values, for example, is working assiduously to register two million new voters in states believed to have large fundamentalist Christian — probably pro-Reagan — populations. And Frank Fahrenkopf Jr., the Republican national chairman, re-

ports that more than 1.5 million new Republicans already have been registered; his goal is 2 million.

Some polls, moreover, show Mr. Reagan so popular personally that as many as half could be Reagan voters.

At least three million unregistered voters are believed to be registered in the eight Southern states that Mr. Reagan carried in 1980 by the force of it, a huge registration and turnout of blacks for Mr. Mondale in those states could overturn that result; but an expanded fundamentalist Christian vote and/or a white voter backlash might diminish the effect of the new black participation.

The highest turnout in a recent presidential election was 62.6 percent of voting-age population in 1960, after the close and exciting race be-

tween John F. Kennedy and Richard M. Nixon. Since then, it has been downhill, particularly after the addition of 18-year-olds — so far, a low-turnout group — in 1972.

By 1980, only 53.9 percent voted. Mr. Reagan won 51.6 percent of the votes cast, which meant he was elected by just over a quarter of the voting-age population. Here are some reasons analysts expect an upturn:

- Strong feelings about Mr. Reagan and his policies, as well as a perception that the "issues gap" is greater than usual.
- The interest and intensity generated by the presence on the Democratic ticket of Geraldine Ferraro, the first woman nominated for vice president by a major party.
- The rise of well-organized and well-financed interest groups, all ac-

tive in motivating adherents to vote.

- Well-targeted registration drives all across the spectrum, from fundamentalists to minority groups. Blacks, in particular, are expected to increase their participation.
- Higher-than-expected turnouts in 1982 and 1983 state elections.
- Two demographic factors — the aging of the population, because the elderly tend to vote in higher proportion than most age groups; and signs that those aged 25 to 40 years are beginning to take a larger role.

Peter Hart, the Democratic pollster, believes 1984 may be "the first 100-million vote election"; 86.5 million voted in 1980. Mr. Brown thinks the national turnout will be nearer the 62.6 percent of 1960 than the 53.9 of 1980. Such an increase would be good in itself, and probably, if not certainly, a plus for Mr. Mondale.

— The New York Times.

True, U.S. Lost Face, but Lebanon Is Surviving

By Barry Rubin

WASHINGTON — Two years after Ronald Reagan first committed American marines to Lebanon on Aug. 24, 1982, the lessons of U.S. involvement there can be summarized by the aphorism: If you don't succeed at the first, don't try again too soon, too strenuously.

U.S. policy on Lebanon shifted overnight from top-priority focus to almost total neglect. When the marines were in Beirut, Mr. Reagan warned that "if Lebanon ends up under the tyranny of forces hostile to the West" — Syria and its allies — "not only will our strategic position in the eastern Mediterranean be threatened but also the stability of the entire Middle East."

Critics of American policy in the Middle East are constantly arguing that Washington has fumbled some supposedly easily accomplished settlement of the Iran-Iraq war or Arab-Israeli conflict. Failing to achieve such a breakthrough and faltering in Lebanon, they claim, has lost the United States influence and credibility in the Arab world.

But "credibility" is one of the most dangerous words in the diplomatic lexicon — usually the final defense for a faltering policy. We know our position is wrong, it usually implies, but must stay the course in order to keep others con-

fidence. In reality, the people we are trying to impress by our steadfastness often take a very different view of our policy than we imagine to be the case. Saudi Arabia and several political factions in Lebanon, for example, praised the U.S. presence privately while attacking it publicly.

America's friends in the Middle East often express doubts about U.S. credibility. But few of them are questioning American power. Most are merely trying to turn it to their advantage. Time and again local actors in the region expect the United States to provide a solution; they invariably overstate U.S. power.

They expect the United States to do all the work, make the concessions and take the blame. In this game, questioning American credibility is simply a bargaining chip.

What does all of this mean for Lebanon? The United States may have suffered some loss of face. But now, at least, no one is expecting it to handle a crisis it cannot hope to resolve. And, luckily, the Syrians are now addressing the issue in a way that, as Mr. Murphy suggested, may turn out to be quite helpful.

Despite the apparent American defeat in Lebanon, Syrian policy today takes considerable account of American interests and power. Of course, Syria's own interests come first: Weakened by internal strains and stymied by intractable Lebanese politics, Damascus now has its own incentive to end the Lebanese civil war — something it viewed as neither possible nor desirable before 1982. But this is good for both Lebanon and U.S. interests.

While the United States can play a helpful role, it cannot end either the Iran-Iraq war or the Arab-Israeli conflict if local forces remain intransigent. It is sheer folly to oversimplify these issues — and U.S. failure to produce miracles in the Middle East need not be destructive of American interests. The U.S. experience in Lebanon has been costly, but if it taught President Reagan something about the limits to U.S. responsibility and influence there, it was an indispensable lesson.

The writer, a senior fellow at Georgetown University's Center for Strategic and International Studies, contributed this comment to The New York Times.

LETTER

The Business of Learning

Regarding the report "Private Business School in Germany Is Providing Model for Competitors" [July 21]:

The report states: "Paradoxically, in a country that derives a third of its gross national product from exports, there has been until now only one school that provides a specialized education to business with an international perspective, along the lines of the Harvard, Stanford and Wharton graduate programs and the Thunderbird School of International Management in Arizona."

Schiller International University is an independent school accredited by the Association of Independent Colleges and Schools, offering business administration and other degree programs at the undergraduate and graduate level since 1964. With study centers in Heidelberg, London, Madrid, Paris and Strasbourg, Schiller provides students from more than 70 countries the opportunity of an American education in a multicultural environment. At Heidelberg, Schiller offers a Master of International Management program along the lines of that of the Thunderbird School of International Management and, as of this fall, an MBA program.

M.V. ULMER,
Schiller International University,
Heidelberg, West Germany.

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KAL Victims' Families See U.S. Holding Back

Relatives Want Information on Why Airliner Strayed Over Soviet Territory

By Clyde Haberman
New York Times Service
OFF MONERON ISLAND, Sea of Japan — Relatives of Japanese passengers killed when a South Korean airliner was shot down last year have accused the United States of withholding information that could explain why the plane strayed over Soviet territory.

The group was aboard a ship in the area where Korean Air Lines Flight 007 was downed by a Soviet fighter on Sept. 1, 1983, killing 269 people. There were 28 Japanese aboard.

A spokesman for the relatives of the Japanese victims issued a statement saying the plane might have been part of "an elaborately premeditated plot on the part of a government agent of a certain country."

Shozo Takemoto, the spokesman, said the "certain country" — presumably the United States — was not named because the allegation could not be proven. That is why "we ask the United States to disclose every information it has in its hands," he said.

The group also denounced the Soviet Union for perpetrating "the cruelest brutality that could have been done by a civilized nation."

On Saturday, 79 of the Japanese relatives chartered a boat and sailed nearly five hours to a point 25 miles (40 kilometers) northeast of Moneron Island in the Sea of

Japan, where Flight 007 is believed to have gone down.

The island is Russian but the boat, accompanied by a patrol craft from the Japanese Maritime Safety Agency, stopped in international waters. Soviet vessels tracked the two boats but did not approach them.

The families came for to pay their respects to the dead.

"Daddy, how are you?" said Mei Osaka, a 9-year-old girl who spoke at a memorial service on deck.

"We're all standing firm," she said, reading from a piece of paper. "Sister and I are studying hard, and mommy is working until late at night. Sometimes I massage her shoulders. Come back early, daddy."

The ferry rocked gently and a sudden rain swept the faces of relatives as they leaned over the railing to peer at the dark waters. Many wept. All threw chrysanthemums into the sea and some tossed in clothes and other personal items.

On the voyage home, their frustration over the events since the airliner was shot down began to surface.

"The victims whose precious lives have been sacrificed as 'a means of political maneuver' can never rest peacefully unless the whole truth of the incident is brought out into the open," their statement said.



Grieving relatives cast flowers into the Sea of Japan at the point where a South Korean airliner was shot down a year ago by a Russian fighter plane, leaving 269 people dead.

670,000 Koreans Call Japan Home

But Say They Are Treated as Outcasts

By Clyde Haberman
New York Times Service

TOKYO — On a street corner in Hiroshima there is a stone monument that serves as a memorial to 20,000 Koreans killed in the 1945 atomic bomb attack.

Nearby is the Hiroshima Peace Park, with its elaborate memorial dedicated to the Japanese who died in the blast. Korean-heritage groups have tried to have their monument moved into the park but officials say there is not enough room. The Koreans call that another example of discrimination.

During World War II thousands of Koreans, whose country was then under Japanese rule, were forced to go to Japan to help make up for labor shortages.

When the war ended there were 2.5 million of them in Japan, most of whom soon returned home. Those who stayed became trapped in a legal quagmire. Under colonial rule they had technically been Japanese subjects. But the treaty ending the war stripped Japan of its colonies and the Koreans who remained behind — most in Osaka, Tokyo and Kobe — lost their Japanese citizenship.

Later, their homeland was divided by its own war and many of them were unwilling, or unable, to return.

There are now 670,000 Koreans in Japan. But they are still outsiders and are frequent victims of discrimination in housing, jobs and social welfare programs.

They object strongly to the fact that even if they were born in Japan they must apply for citizenship. Otherwise they are required to register as aliens and be fingerprinted every five years.

Most of their problems have largely been ignored. They recently received some modest attention because of the impending visit of President Chun Doo Hwan of South Korea. Mr. Chun, who is scheduled to arrive in Tokyo on Thursday, has said he hopes for a "good-faith" Japanese effort to improve living conditions for Koreans but Korean residents do not expect much change.

The Koreans in Japan are as divided as the Korean peninsula itself. Some support the Chun government in Seoul and others are loyal to the North Korean leaders in Pyongyang. The two communities share each other.

Nevertheless, they share the same social problems and together form the largest group of resident aliens in Japan, a nation of 120 million people.

Ha Jung Nam, a technical-school graduate from Osaka, said: "Generally speaking, being a Korean means daily tension and irritations."

Some young Koreans say they take it for granted that, with few exceptions, major Japanese corporations will not hire them and that if they do, chances for advancement are slim. Most wind up working for other Koreans, often in restaurants, bars and pinball parlors. According to some estimates, the average Korean earns 30 percent less than Japanese in comparable jobs.

Yun Chung Il, 25, an engineering graduate of Okayama University in central Japan, said he looked for work in Japanese companies but finally settled for a Korean-owned concern in Tokyo. "The pay is lower but I feel safer and more reassured there," he said.

Mr. Yun also chose to retain his Korean name. Others in his situation have tried to use Japanese names, but even that does not always work.

Pak Chong Sok, using the Japanese name Shoji Arai, was hired by the Hitachi Ltd. but was dismissed after it was discovered that he was Korean. After several years, Mr.

Pak finally won a court judgment against Hitachi on charges of discrimination.

Many Koreans say they are constant targets of insults and slurs. One 12-year-old in Kamifukuoka, north of Tokyo, reportedly committed suicide because of the teasing from his schoolmates.

Youngsters, in particular, are confused about why they are singled out. They are second- and third-generation residents. Japanese in nearly all respects except for their parents' alien registration cards.

Frequently, the North-South division of Korea decides where the Koreans work or where their children attend school.

There is a pro-South group called the Korean Residents Union in Japan, or Mindan. It claims 450,000 members and its officials say it receives \$4 million a year from Seoul, partly to perform consular services and other liaison duties.

On the other side, affiliated with North Korea, is the General Association of Korean Residents in Japan, or Chongryun, which says it has 200,000 members.

A Chongryun spokesman said the group received \$6.2 million in aid from North Korea last year, mostly to help support a network of schools, trading companies and credit associations and a news service.

Both groups emphasize Korean culture. Chongryun, for example, requires that Korean be spoken in its classrooms and that female students wear traditional Korean dresses. They are not interested in becoming Japanese, they say, only in ending discrimination.

Some of the Koreans, growing up with only a limited knowledge of their own language and history, choose to acquire Japanese citizenship. More than 5,500 took that path last year. Others say they want to cling to their identities and hope for the discrimination to end.

China Refugee Returns; Friends Fear Abduction

By Jay Mathews
Washington Post Service

LOS ANGELES — A petroleum engineer who fled from the Chinese Consulate in New York in April to seek asylum in the United States has mysteriously returned to China.

A State Department spokesman confirmed Saturday that Zhang Zhenqiao, 47, had returned to his country. Friends of Mr. Zhang in New York say he was kidnapped by a Chinese Consulate official.

A Chinese government spokesman said Saturday that Mr. Zhang returned home voluntarily after receiving a letter from his wife. But Mr. Zhang's friends and his American attorney said much of the evidence indicates otherwise.

Mr. Zhang vanished in July from his apartment in Brooklyn. His disappearance is believed to be the first such incident involving any of the more than 1,000 visitors and scholars from China who have sought political asylum in the United States in recent years.

"I am sure he was kidnapped," said Yang Huiyan, a friend and fellow defector who lived near Mr. Zhang in New York.

Mr. Yang said that Mr. Zhang, who had escaped from the Chinese Consulate on April 12, had never expressed any interest in returning to China despite receiving letters from his wife and two children in Chengdu, the capital of Sichuan province.

Mr. Zhang, Mr. Yang said, had asked for help in reaching the Taiwanese authorities after recent U.S. court decisions against other Chinese defectors led him to fear that his application for asylum in the United States might be refused.

Dr. Wang Bingzhang, a human rights activist who arrived in the United States in 1982 and who heads the New York-based Chinese Alliance for Democracy, said he had received reliable information from sources inside China that Mr. Zhang had been convicted of treason shortly after returning to Beijing on July 20.

Mr. Wang said he also had an "unconfirmed" report that Mr. Zhang had been executed. A spokesman for the Chinese Consulate in New York, identifying himself as "Mr. Hou," said Saturday he had no information on what had happened to Mr. Zhang.

Robert Belluscio, a Flushing, New York, lawyer, representing Mr. Zhang on his asylum petition, said that a Federal Bureau of Investigation agent told him that Mr. Zhang's return appeared to be voluntary but offered no evidence other than statements by the Chinese Consulate. However, he said, Mr. Zhang had never asked him to withdraw the asylum application.

A spokesman for the FBI's New York office said Saturday that he had no information on the case.

Mr. Zhang arrived in the United States on April 5 as a member of a delegation studying U.S. oil-drilling methods. He left his group without permission for two days and underwent long interrogation when he returned to the Chinese Consulate in New York, Mr. Belluscio said.

At about 2:30 A.M. on April 12, Mr. Zhang lowered himself from an eighth-floor window and fell about three stories to the roof of an adjoining building. His cries alerted police, who took him to a hospital where he was treated for a broken ankle.

Speculation among some Beijing residents about whether Mao's portrait would be put back was fueled by an article about the restoration in the Communist Party newspaper, the People's Daily, which failed to mention the matter.

Mao's Portrait Reappears Over Beijing Gate

Reuters

BEIJING — A large portrait of Mao has been put up again on the Gate of Heavenly Peace in Beijing's Tiananmen Square, ending speculation on the picture's fate.

The portrait of the late Chinese leader, showing him with a half-smile, reappeared over the weekend after the completion of repair work on the imposing gateway in time for national day celebrations next month.

The maroon-colored gate from which Mao proclaimed the establishment of People's Republic of China on Oct. 1, 1949, lies at the entrance to the Forbidden City, once the home of China's emperors.

Speculation among some Beijing residents about whether Mao's portrait would be put back was fueled by an article about the restoration in the Communist Party newspaper, the People's Daily, which failed to mention the matter.

Guerrilla Bomb at Airport In Kabul Is Said to Kill 30

Reuters

ISLAMABAD, Pakistan — A bomb killed at least 30 people and injured 100 Friday at the Kabul airport, according to Kabul radio and Western diplomats.

The explosion, announced by the state-run Radio Kabul, came after a string of guerrilla raids on Kabul's Khwaja Rawash International Airport, which doubles as a key air base for Soviet and Afghan military aircraft.

Afghan exiles and Western diplomats said Sunday that the attack was probably the deadliest guerrilla strike yet in the Afghan capital. They said that in November 1982 four bomb explosions in restaurants used by the Afghan secret police killed more than 20 people. Smaller blasts have occurred since then, they said.

Radio Kabul said only that several women and children had been killed when a rebel bomb went off outside the heavily guarded airport terminal.

Western diplomats in Islamabad and New Delhi gave the higher toll. They said the explosion had occurred in the check-in area and had probably hit passengers waiting for a flight on the state-owned Ariana Airlines to Tashkent, capital of Soviet Uzbekistan.

Guerrillas stepped up attacks on the airport in August, the diplomats said. The airport, the base for frequent raids by Soviet jets and helicopter gunships north and southeast of Kabul, is being enlarged under a program financed mostly by Moscow.

Defection Reported

An Afghan tribal chieftain who had collaborated with the Soviet-backed government in Kabul has defected to Pakistan with hundreds of armed followers, guerrilla sources in Peshawar, Pakistan, have told The Associated Press.

The sources said Gulam Hassan Khan Karo Khel marched across the border Wednesday.

Sikhs Threaten March On Army-Held Temple

By William Claiborne
Washington Post Service

NEW DELHI — A "world convention" of Sikhs held Sunday in the holy city of Amritsar issued a one-month ultimatum to the Indian government to withdraw army troops from the Golden Temple complex or face a vast march led by the five head priests of Sikhism to "liberate it of army occupation."

The Sikh religious conference, held in the northern state of Punjab in defiance of a government ban, also excommunicated the two highest-ranking Sikh government officials, President Zail Singh and Bala Singh, the parliamentary affairs minister.

Pandemonium erupted as militant separatists among the approximately 10,000 people gathered at the Shaheedan Dugdwara, or temple, chanted slogans calling for an independent Sikh nation called "Khalistan."

They also demanded that the march on the Golden Temple be held immediately, according to official reports reaching Chandigarh, the capital of Punjab.

Indian journalists in Amritsar said that the convention was abruptly adjourned without completing its agenda. The entire state of Punjab has been closed to non-Indians, including foreign journalists, since army troops stormed the Golden Temple complex in June to drive out Sikh separatist guerrillas.

About 1,000 people are said to have died in the clashes.

Kirpal Singh, head priest of the Akal Takht, the spiritual and temporal seat of power of the Sikh religion, read a resolution declaring that the five head priests would lead a march of "believers" on Sept. 30 to free the Golden Temple complex of army control.

The march, if held, could lead to the most serious confrontation between Sikh and Indian security forces since army troops, backed by armor and artillery, assaulted the Golden Temple complex on June 5. Some of the buildings in Sikhism's holiest shrine were heavily damaged and a separatist guerrilla leader, Jarnail Singh Bhindranwale, and many of his followers were killed.

To avert violence, Indian security forces had arrested nearly 1,000 people in Punjab during the two days preceding the convention.

The Punjab state authorities had banned a political convention but had said they would not prevent a religious gathering. Security was reported to be tight around Amritsar.

Dubai Returns 7 in Hijacking

Seven Sikh separatists held in the hijacking of an Indian Airlines Boeing 737 last month to Dubai, in the United Arab Emirates, left Sunday for New Delhi aboard a special flight, Dubai airport officials told Reuters. The seven surrendered to Dubai police on Tuesday.

UN Human Rights Panel Spurns Sakharov Case

By Iain Guest
International Herald Tribune

GENEVA — A United Nations panel on human rights has decided to reject a proposal to attempt to obtain definitive information on the fate of Andrei D. Sakharov, the Soviet dissident, and his wife, Yelena G. Bonner.

After four weeks of debate, the UN Subcommission on the Prevention of Discrimination and Protection of Minorities decided not to act on eight resolutions it considered too political. The vote was 12-1.

One of the proposals called on the UN secretary-general, Javier Perez de Cuellar, to ask the Soviet Union for a public inquiry into the "circumstances of the Sakharovs' detention."

The decision was seen as a victory for Moscow and another setback for the Reagan administration in its efforts to have the United Nations investigate alleged human rights abuses in the Soviet bloc. It rights revealed a deep split between American human rights activists and their counterparts in Western Europe.

"Soviet propaganda has been extremely effective," said Nina Shea, a representative from the New York-based International League for Human Rights. "It's managed to ensure that any human rights violation in the Soviet Union is seen in the UN as a Cold War issue."

Several European human rights activists said that the Reagan administration has weakened the United Nations by repeatedly accusing it of "selectivity" while, at the same time, supporting repressive regimes such as those in El Salvador and South Africa. They said this has left the United Nations unwilling to take up any highly publicized political cases. Mr. Reagan has frequently used the Sakharov case to criticize the Russians.

Most Western members of the subcommission agreed with this assessment. The move to reject the

Sakharov resolution was supported by the French member, Louis Joinet, a lawyer who has protested personally on behalf of the Sakharovs in front of the Soviet Embassy in Paris.

"The Third World is enraged when the United States won't take up the issue of apartheid," said Ben Whitaker, the British member of the subcommission. "They're also fed up with the Russians and Americans acting like bullies and wasting money on arms. That's the coalition here."

John Roche, the U.S. representative on the UN panel, paved the way for a clash with the Russians by proposing an early series of resolutions on the Sakharovs, the plight of Jews in the Soviet Union and the case of Raoul Wallenberg, the Swedish diplomat who was jailed by the Russians after World War II and whose fate remains a mystery.

Vsevolod Sofinsky, the Soviet representative, immediately countered with his own list of resolutions. It included measures to deal with the "murder of peaceful citizens by British military personnel" in Northern Ireland, the jailing in Missouri of an American Indian leader, and Mr. Reagan's recent joke about outlawing and bombing the Soviet Union.

The subcommission, as one of its members said, "looked fright" at the prospect of an angry dispute over a set of highly charged issues. All of the U.S. and Soviet resolutions were lumped together, labeled "political and contentious," put off to the end of a crowded agenda and eventually passed over. As a result of Friday's vote they will not even be mentioned in the records of the meeting.

Many observers view the subcommission as one of the United Nations' most important bodies because of the ostensible independence of its members. But several participants said the session was among the least-effective in recent years.

U.S. Patriot Missile Hits Target in a Test-Firing

Reuters

EL PASO, Texas — The U.S. Army said that a Patriot surface-to-air missile scored a direct hit on a target aircraft in a test-firing on Tuesday. Additional tests are planned this month.

The tests, utilizing production equipment and troops, are the final evaluation of the Patriot system before its deployment in Western Europe.

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EUROBONDS

U.S. Insurance Firm Gets Favorable Rate for Funds

By BOB HAGERTY

International Herald Tribune

LONDON — American International Group Inc. appears set to make a killing by taking advantage of an unusually fat arbitrage opportunity. The New York-based insurance company is expected to raise about \$90 million through a sale of zero-coupon bonds, securities that pay no interest but are offered at a huge discount to maturity value.

Tapping the Eurobond market for the first time, AIG took advantage of its rarity value, a triple-A rating and a severe shortage of new U.S. corporate paper. The result was an exceptionally low borrowing cost, about 11.5 percent for 20-year funds.

The AIG bonds were trading Friday afternoon at about 11.50, giving buyers a yield of 11.42 percent. By comparison, the recent Asian Development Bank issue of 20-year zero-coupon bonds was yielding 12.32 percent. Even more striking was the comparison with zero-coupon issues backed by U.S. Treasury securities and sold by New York investment banks under such names as CATs and TIGRs.

These issues were showing yields of about 12.90 percent. One reason for the gap is that Japanese investors, heavy buyers of zeros, are barred by their government from buying CATs and TIGRs.

The Japanese are free to chase after the AIG and the ADB bonds, though. Some dealers suggested that AIG would use the proceeds from its issue to buy higher-yielding CATs or TIGRs. That would provide investment income of more than a percentage point above AIG's borrowing cost.

Thus, AIG would show a profit of \$10 million over the 20-year life of the bonds, a dealer estimated.

"That clearly would be one investment opportunity," said Edward Matthews, AIG's executive vice president, finance, who described the company's borrowing terms as "extraordinarily favorable." Mr. Matthews refused, however, to commit himself to any specific use for the funds.

Such tempting terms may well draw more U.S. corporate borrowers into the market, dealers said Friday, though one cautioned: "A lot of people don't need money," given the huge cash balances piled up by many corporations during the U.S. economic recovery.

UNTIL last week, new U.S. regulations governing overseas bond sales were creating so much confusion that most U.S. corporations preferred to shun the Eurobond market. Last Tuesday's clarification from the U.S. government cleared up much of that confusion.

Under the new regulations, U.S. corporations can sell bearer, or nonregistered, bonds directly to foreign investors without the added expense of routing the paper through a Netherlands Antilles subsidiary. European banks and securities firms will not be required to certify that interest on such bonds is not being paid to U.S. citizens or residents trying to evade taxes.

The U.S. government said last week U.S. banks and securities firms still must provide such assurance. But Europeans had warned that a certification requirement for them would have created irksome paperwork and turned away investors who insist on anonymity.

European dealers and investors generally welcomed the U.S. statement. "We're very much relieved," said Pierre Pictet, a partner at Pictet & Cie, a private bank based in Geneva. Because

(Continued on Page 9, Col. 1)

Debt Plan Ratified in Santiago

Latin Nations, U.S. in Accord

Reuters

SANTIAGO — Latin American nations have reached modest agreement with the United States on their debt problems and hope the development will open a new phase of inter-American cooperation.

But some ministers attending an economic meeting of the Organization of American States said industrialized countries and international lending agencies had still to share responsibility for the region's \$350-billion foreign debt.

"We observe that only debtor countries have assumed the responsibility they have, and have assumed it at great sacrifice," Modesto Collados Nunez, economy minister of the host country, Chile, said at a meeting of the OAS's Inter-American Economic and Social Council, which ended Friday.

The ministers ratified on Friday an agreement to press international lending agencies to ease restrictions on granting new funds to debtor nations.

The agreement was contained in a resolution co-sponsored by the United States.

Bolested by what they see as a modest change in the U.S. approach, the delegates said debate on the region's debt would move to a higher political plane with a meeting of finance and foreign ministers from 11 Latin American countries in Argentina on Sept. 13-14.

The meeting will enable the region to present a common front on debt at the annual meeting of the International Monetary Fund in Washington on Sept. 23.

The United States remained silent at the OAS meeting on the high interest rates that Latin American countries complained were crippling their already hard-pressed economies.

The Peruvian economy minister, José Benavides Muñoz, said some countries in the region were having to use more than 90 percent of their export earnings to service debt.

The Latin American ministers also denounced growing world protectionism.

The meeting also passed resolutions urging the United States not to restrict imports of copper and steel, a measure recommended by the International Trade Commission to protect U.S. producers.

Richard J. Meislin of the New York Times reported from Mexico that President Miguel de la Madrid on Saturday firmly rejected any plan that would result in Mexico's failing to repay its international debts, saying it would have "gray consequences."

The statement, in the president's annual report to Congress and the country, was his strongest against talk of joint action by Latin American debtor countries and domestic pressure for Mexico to suspend payment of its foreign debts in order to provide more money for internal needs.

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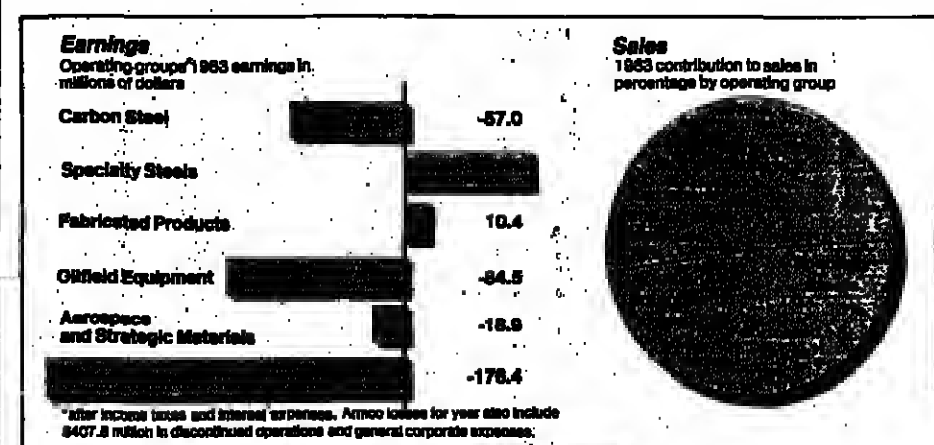
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Mexico Firm on Debt

Richard J. Meislin of the New York Times reported from Mexico that President Miguel de la Madrid on Saturday firmly rejected any plan that would result in Mexico's failing to repay its international debts, saying it would have "gray consequences."

The statement, in the president's annual report to Congress and the country, was his strongest against talk of joint action by Latin American debtor countries and domestic pressure for Mexico to suspend payment of its foreign debts in order to provide more money for internal needs.

Armco Acquisition Strategy Backfires



Some Divisions Are in the Red

By Daniel F. Cuff

New York Times Service

NEW YORK — For the troubled steelmakers in the United States, an increasingly popular strategy for survival has been diversification.

Armco Inc., the fifth-largest steelmaker, blazed that trail decades ago. But if the strategy has had mixed results for some in the industry, it has been particularly unkind to its pioneer.

Although Armco's steel operations currently show a profit, some of its other businesses are dragging down overall results.

While many of the major steelmakers were reporting second-quarter profits, Armco posted a loss of \$14.1 million, even though its carbon steel operations showed an operating profit of \$23 million.

In diversifying, Armco took on the problems of other struggling industries. Its oil-drilling equipment business, National Supply Co., fell into the red when the oil industry slumped.

And Armco is bleeding from the operations of its insurance companies, which it has been trying to unload.

Analysts say that Armco's



Harry Holiday Jr., chairman of Armco Inc.

problems are only partly self-inflicted. "They obviously made a bad acquisition in insurance," said Charles A. Bradford, a steel analyst at Merrill Lynch.

The others are not that bad, but are now mostly hurt by industry factors.

As a result, at a time when the outlook for steelmakers has improved, Armco surprised Wall Street late last month by omitting its 10-cent quarterly dividend to conserve cash.

Harry Holiday Jr., the usually voluble chairman and chief executive officer of Armco who speaks out forcefully against steel imports, was not available for an interview to discuss Armco's strategy, according to a spokesman at the company's headquarters in Middletown, Ohio.

(Continued on Page 9, Col. 1)

U.S. Airlines Get Antitrust Waiver For Delay Talks

By Reginald Stuart

New York Times Service

WASHINGTON — The Civil Aeronautics Board has given U.S. airlines an antitrust exemption to let them discuss ways to reduce air traffic congestion and delays, despite opposition from the Federal Trade Commission.

Immediately after a 5-0 vote, the Department of Transportation announced Friday that discussions among the airlines would begin Wednesday.

Transportation Secretary Elizabeth Hanford Dole said she hoped the airlines would solve the problem and thereby avert a need for the federal regulation her department has proposed.

The action by the federal regulatory panel gave the airlines 45 days in which to develop a plan for solving a situation that has angered millions of travelers who have experienced lengthy delays because of overcrowded departure and arrival schedules, primarily at six major airports.

Three of those airports, Kennedy International, La Guardia and Newark, serve the New York metropolitan area. The others are O'Hare International in Chicago, Stapleton in Denver and Hartsfield in Atlanta.

According to the Federal Aviation Administration, the six airports account for 76 percent of all delays nationwide. A delay is defined as when a flight is 15 minutes or more beyond the scheduled departure time.

About 100 domestic and foreign carriers are expected to participate in the meetings, which will be open to the public. One day will be devoted to each airport.

Permission to talk with competing airlines had been sought by Eastern Air Lines and 18 other ma-

For carriers and supported by the Departments of Transportation and Justice.

But the Federal Trade Commission contended that allowing carriers to develop their own scheduling plans "may enable carriers to achieve monopoly power, something that they are unlikely to be able to do without the proposed scheduling committees."

Should the industry fail to develop a plan, the Department of Transportation has already filed a Notice of Proposed Rule Making that would give it authority to assign arrival and departure times on a minute-by-minute basis at six major airports until April 15, 1985.

On the legislative front, Representative Guy V. Molinari, Republican of New York, said he would introduce legislation this week that would grant the FAA authority to set schedules at the six airports.

In a statement, the CAB said that action by the agency was needed because "our nation's air transportation system is currently facing a substantial delay problem."

In reflecting the Reagan administration's anti-regulation philosophy, however, it noted that regulation of schedules "has a great impact on the airlines' ability to compete with each other."

James E. Landry, senior vice president and general counsel of the Air Transport Association of America, a Washington-based trade association, said that millions of dollars ride on which carriers fly where and when, and with nearly 100 carriers involved, discussions would not be easy.

However, he and other industry representatives added that "a good regulation, there would likely be a motive for compromise."

U.S. Is Facing Criticism Over Its Textile Policy

By Ronald Farquhar

Reuters

GENEVA — The United States faces angry attacks here this week from Third World textile exporters who are incensed by U.S. action that they say will cut their sales and hurt their trade by raising import duties.

The General Agreement on Tariffs and Trade, which sets the rules for free world commerce, has called a special meeting of its 50-member textile committee on Tuesday to hear the exporters' grievances.

These are directed at new U.S. regulations for determining the way U.S. textile import quotas are applied to producing countries, and also at investigations into alleged unfair subsidizing of textile exports by 13 Third World producers.

A group of 28 developing states, including textile exporters as Hong Kong, South Korea and China, said last month that the measures were discriminatory and designed to harass and restrain trade for domestic political reasons and that they could have devastating effects.

U.S. textile importers said they have also lobbied vigorously against the new regulations affecting quotas. As a concession, Washington decided to delay putting the new rules into effect for seven weeks to exempt imports of clothing with an estimated value of nearly \$500 million already ordered for the Christmas selling season.

The new, stringent "country-of-origin" rules were due to come into effect next Friday, but the U.S. Customs Service, announced that all textile consignments ordered before Aug. 3 and shipped by Oct. 31 would be exempt.

U.S. officials say the new rules are intended to halt widespread evasion of quotas by foreign manufacturers who ship partially completed clothing to other countries for re-export to the United States as finished goods under the second country's quota.

The new rules impose stricter tests to determine whether an article has been sufficiently changed in a second country to qualify it for "exclusive" in that nation's quota.

The law says that an article must be "substantially transformed."

Textile exporters complain that in this way, the United States has suddenly and unilaterally changed its mind on producer practices that it had recognized administratively and judicially for many years.

They also contend that Washington is violating its commitments under the Multi-Fiber Arrangement, an international agreement regulating most world trade in textiles.

U.S. importers and retailers say the rules will disrupt business by causing uncertainty, lead to higher prices for the U.S. consumer and threaten trade relations.

The exporters regard the measures as a product of the U.S. presidential election campaign, and are intended to win votes in textile-producing areas in the Southern states by restricting imports.

They also see political motives behind investigations, initiated by a coalition of U.S. textile producers and labor unions, into alleged unfair subsidizing practices by 13 exporters in Asia, Europe and Latin America. Petitions to the government say the exporters are engaged in a variety of unfair subsidy programs.

If the U.S. Commerce Department determines that the goods are being unfairly sold in the United States, it can impose penalty duties equal to the amount of the subsidies.

Some diplomats here view the GATT textile committee session, expected to last at least two days, as a prelude to tough negotiations next year on renewal of the Multi-Fiber Arrangement, which expires in mid-1986.

The GATT secretariat in a recent report questioned the value of the accord in view of tightening import restrictions and suggested phasing out restraints and bringing the textile trade under GATT rules aimed at freeing the flow of commerce.

7 Members Of Tax Panel Assail Regan

By Martha M. Hamilton

Washington Post Service

WASHINGTON — Seven members of a U.S. presidential commission appointed to resolve a controversy over state taxation of multinational corporations have taken issue with Treasury Secretary Donald T. Regan over his threat to support federal legislation to settle the issue.

Mr. Regan said July 31 that he would seek a federal legislative solution unless the states make "appreciable progress" toward rewriting their tax laws to eliminate problems by Oct. 31. Mr. Regan's statement was contained in his own report to President Ronald Reagan based on meetings of the working group of state, federal and corporate officials who studied a method of corporate taxation known as the "unitary" system.

The issue involves a tax concept under which a U.S. state collects taxes from a corporation based on a formula that takes into account the corporation's worldwide earnings. A dozen states have adopted such a policy, although some states have recently moved to alter their approach.

The seven officials who were part of that effort on Friday disassociated themselves from Mr. Regan's deadline for states to act. The seven were governors George Deukmejian of California and Scott M. Matheson of Utah; H. Lee Moffitt, the speaker of the Florida House; John B. Tucker, speaker of the New Hampshire House; Owen T. Clarke of the National Association of Tax Administrators; David E. Hethcote, vice president of the National Conference of State Legislatures; and Kent Conrad, chairman of the Multistate Tax Commission and North Dakota's tax commissioner.

"Such a new and unnecessary deadline ignores the fact that legislative and executive action by both the federal and state governments may well require more than 11 months to complete," they said, adding, "We reiterate our own opposition to federal restrictions on the states' authority to design their tax policies."

Mr. Frank suggested that private insurance companies should do the rating, and he criticized industry executives — who attract deposits on the basis of government guarantees of their safety (up to \$100,000) while opposing attempts to publicly recognize the varying degree of risk among S&Ls.

He also pointed out that, even though FCA's principal subsidiary is state-chartered and state-regulated, federal regulators have made all the decisions and public statements in recent weeks. An examination of the division of labor between state and federal regulators must take place, Mr. Frank said, adding that, unless state regulators take a more active role than they have with FCA, they will find federal authorities usurping their power.

Many experts believe the industry

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Yugoslav Price Controls Ended on Most Products

United Press International

BELGRADE — Yugoslavia has ended price controls on nearly all products and services in a move aimed at introducing market economy rules and controlling inflation.

The action Saturday was considered a major step in a long-term stabilization program that the government is pursuing to pull the country of 23 million people out of an economic slump.

Yugoslavia's unique workers' self-management economic system has been plagued by a \$20-billion debt to Western creditors and a 40- to 60-percent annual inflation rate.

Under a government decree that took effect Saturday, only 5 percent of products remain under price controls. They include wheat, corn and some unnamed "strategic" industrial products.

The prices of 37 percent of goods will be established through "self-managing agreements" between producers and consumers while 55 percent of the prices will be established freely by the producers.

Among goods and services affected are meat and processed meat products, sugar, fat and edible oil, cigarettes, gasoline and heating oil, coal, fertilizers, cars, agricultural machines, household electric appliances, cement, footwear, textiles and public transportation fares, officials said.

In the past, businesses needed to get formal approval from the government to increase the prices of their products.

"More freedom for producers means bigger responsibility for them," said a government spokesman, Dimitrije Tasic.

He told reporters that the federal government and governments of Yugoslavia's six constituent republics can still take measures against companies that raise prices too much.

Government officials said the authorities would order banks to cut credit to those companies that violate the price policy.

Austerity measures have cut the standard of living over the past three years by about 30 percent. The government wants to hold the inflation rate to 40 percent this year.

The federal government, in cooperation with the International Monetary Fund and Western commercial banks, has rescheduled loans due this year totaling \$2 billion over the next seven years with a four-year grace period. In 1985, Yugoslavia is due to repay \$5 billion to Western creditors.

Currency Rates

Late interbank rates on Aug. 31, excluding fees.
Official fixings for Amsterdam, Brussels, Milan, Paris, New York rates at 4 P.M. EDT.

	\$	DM	FF	£	Y	S	Y
Amsterdam	3.29	4.21	112.25	163.25	1.36	1.36	1.36
Brussels	3.29	4.21	112.25	163.25	1.36	1.36	1.36
Frankfurt	3.29	4.21	112.25	163.25	1.36	1.36	1.36
London (1)	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Paris	1.20	1.20	1.20	1.20	1.20	1.20	1.20
New York (1)	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Porto	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Tokyo	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Zurich	1.20	1.20	1.20	1.20	1.20	1.20	1.20
1 EUR	1.20	1.20	1.20	1.20	1.20	1.20	1.20
1 SDR	1.20	1.20	1.20	1.20	1.20	1.20	1.20

Dollar Values

	\$	DM	FF	£	Y	S	Y
1 EUR	1.20	1.20	1.20	1.20	1.20	1.20	1.20
1 SDR	1.20	1.20	1.20	1.20	1.20	1.20	1.20
1 EUR	1.20	1.20	1.20	1.20	1.20	1.20	1.20
1 SDR	1.20	1.20	1.20	1.20	1.20	1.20	1.20

Source: Reuters. 1 EUR = 1.20 \$, 1 SDR = 1.20 \$, 1 EUR = 1.20 \$, 1 SDR = 1.20 \$.

New Engine From GE Triggers Debate

By Axel Krause

International Herald Tribune

FARNBOROUGH, England — General Electric Co. of the United States triggered a debate in the aerospace industry on Sunday by introducing its version of an advanced engine for civilian and military aircraft known as a propfan.

The engine was introduced at the opening of the 26th Farnborough Air Show, which will run through Sept. 9 and has attracted more than 500 companies from 23 countries.

Brian Rowe, GE senior vice president, said the new engine would consume between 40 and 60 percent less fuel than the turbofan engines now available, and that its first commercial applications would probably be on aircraft with a capacity of 120 to 160 passengers.

The engine is being developed for use in the 1990s.

Senior executives of Boeing Co. and Airbus Industrie attending the show said they were closely watching GE's efforts and those of its competitors as they differed sharply over such questions as when the engine may be available; the level of cabin noise and the amount of vibration the new engine would cause.

A background paper circulated by Airbus said it is widely acknowledged that there are many tech-

nical uncertainties. "It appears difficult to justify the massive investment needed..." and certification of a propfan suitable for an A-320-sized airliner, "at least until the late 1990s," Airbus said.

Rolls-Royce of Britain and the Pratt & Whitney division of United Technologies Corp. also said that propfans are at least 15 years away, but added that they also were engaged in their own development efforts.

"We think GE may be moving ahead too soon, overoptimistically, since new turbofan technology appears better suited for the market," a senior British

New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield at offer	Price and week	Terms
FLOATING RATE NOTES							
Moscow Narodny Finance	\$ 50	1991	3/16	100	—	99	Over 6-month Libor. Minimum coupon 5 1/2%. Redeemable at par in 1989 and callable at par in 1990. Commission 1%.
Riggs National	\$ 60	1996	1/4	100	—	97.88	Over 3-month Libor. Minimum coupon 5 1/2%. Callable at par in 1987. Commission 2 1/2%. Increased from \$20 million.
FIXED-COUPON							
American Int'l Group	\$ 90	2004	zero	12	11.18	11.50	Callable any time at par. Face value of bonds is \$750 million.
Denmark	\$100	1991	13 1/4	100 1/4	13.19	99.63	Noncallable.
Hawker Siddeley	\$ 50	1991	13 1/4	100	13 1/4	98.25	Noncallable.
IBJ Finance	\$100	1989	12 1/2	100	12 1/2	98.88	Noncallable. Each \$5,000 bond with 5 warrants exercisable at par for a \$1,000 note of company's 12 1/2% of 1991. Warrants valued at \$22 each, making price of package 111. Package ended the week of 11 1/2%, with warrants at \$27.
Nippon Kokan	\$100	1991	13 1/4	100	13 1/4	98.25	Noncallable.
Banque Francaise du Commerce Extérieur	DM 200	1994	8 1/4	100	8 1/4	99.50	Noncallable.
United Technologies	£ 35	1989	11 3/4	100	11 3/4	99.75	Noncallable.
Federal Business Development Bank	CS 50	1987	12 1/2	100 1/4	12.45	99.13	Noncallable.
World Bank	CS 75	1991	12 1/4	99 1/4	12.92	98.13	Noncallable.
Copenhagen	ECU 20	1994	11 1/4	open	—	—	Sinking fund to start operating in 1991. To produce an 8.5% average life. Price to be set Sept. 5.
EQUITY-LINKED							
Konishiroki Photo Industry	\$ 50	1999	4	100	4	—	Redeemable at 108 in 1987 and callable at 111 in 1990. Convertible into company's shares at 616 yen, a 3.34% premium. Exchange rate of 242.40 yen per dollar.
Oki Electric Industry	\$ 70	1999	open	100	—	99.25	Coupon indicated of 3 1/2%. First callable at 104 in 1987, and redeemable at 105 in 1989. Convertible at an anticipated 3 1/2% premium. Terms to be set Sept. 4.
Secom	\$ 80	1999	3 1/4	100	3 1/4	—	Callable at 104 in 1987. Convertible into company's shares at 5,424 yen, a 3.5% premium. Exchange rate set at 241.72 yen per dollar. Increased from \$70 million.
Swissair Finance	\$ 25	1991	8	100	8	101	Noncallable. Each \$2,000 bond with 5 warrants exercisable into one Swissair share at 985 francs (no premium).
Nitta Boski	DM 50	1989	3 1/4	100	3 1/4	—	Senior unsecured. If not converted, notes will be redeemed at maturity at 106 to yield 4.84%. Convertible into company's shares at 287 yen, a 5.16% premium. Exchange rate set at 84.50 yen per mark.
Rhythm Watch	DM 70	1989	4 1/4	100	4 1/4	—	Each 4,000-mark bond with one warrant exercisable into company's shares at 415 yen, a 2.22% premium. Exchange rate set at 84.50 yen per mark. Increased from 60 million marks.

Temporary Fed Purchases Boost Prices Slightly

By Michael Quint
New York Times Service

NEW YORK — While there is not enough evidence to conclude that the Federal Reserve has decided to ease monetary policy and to promote lower interest rates, its recent temporary purchases of securities would help prevent increases in short-term interest rates.

Those purchases, which provide reserves to the banking system,

increases were more widespread among longer-term issues, with the new 12 1/2-percent Treasury notes due in 1989 rising more than 1/4 point to an offered price of 99 28/32, to yield 12.77 percent. The 12 1/2-percent Treasury bond due in 2014 rose 1/4 point to an offered price of 100, to yield 12.50 percent.

The Fed's recent actions, which consisted of temporary, four-day purchases of securities on Friday and five-day purchases on Thursday, represented "a front-loading of reserve credit" in the two-week bank reserve accounting period ending Sept. 12, according to analysts at Money Market Services, an economic-analysis firm based in Belmont, California.

U.S. CREDIT MARKETS

gave the impetus for a modest increase in prices and drop in note and bond yields Thursday and Friday on the government securities market.

On Friday, interest rates fell slightly in quiet trading that was abbreviated by an early 2 P.M. closing of the market before the Labor Day weekend.

By closing time, rates on Treasury bills were little changed. Price

Other economists said the temporary provision of reserves was expected, because, in early September, reserves are drained from the banking system by a variety of developments. For example, reserves are being drained by the increase in currency in circulation over the Labor Day weekend and by the increase in Treasury deposits at the Federal Reserve banks following payment on Friday for \$8 billion of 20-day cash management bills and \$8.5 billion of two-year notes.

The overnight rate for bank loans in the federal funds market,

U.S. Consumer Rates
For Week Ending August 31

Postbook Savings	5.58 %
Tox Exempt Bonds	10.17 %
Bank Money Market Accounts	10.60 %
Bank Rate Monitor Index	9.77 %
Home Mortgage	15.20 %
FHLB average	15.20 %

which is closely watched but not an infallible measure of the availability of bank reserves, averaged about 11.6 percent on Friday. When bank reserves become more available, the fund rate tends to fall. After averaging 11.77 percent in the week ended Aug. 22, the fund rate averaged 11.50 percent in the week ended Wednesday, and about 11 percent in the last two days.

Gas Drilling In U.S. Fell In 2d Quarter

By Eric N. Berg
New York Times Service

NEW YORK — The American Petroleum Institute has reported a sharp drop in natural gas exploration in the United States during the second quarter.

Energy experts said the decline indicated a growing unwillingness by producers to search for gas unless an area is known to contain reserves.

In its quarterly review of drilling activity, the institute, a trade association, said Friday that 352 exploratory natural gas wells were drilled nationwide in the quarter, down from 385 wells drilled a year earlier. Although the amount of exploratory drilling has been declining since early 1983 because of stagnant or falling prices, experts said the most recent drop was unexpectedly large.

After rising about \$15.1 billion in the first five months of the year, business loans at the large banks have increased only about \$3.3 billion since May 30.

The Dark Side of Deregulation of Thrift Industry

(Continued from Page 7)

Liberal state charters, particularly in California, Texas and Florida, are attracting more entrepreneurial managers to the industry, analysts said. However, some of these managers are more interested in making oil loans, financing takeovers and aggressively investing their portfolios in common stock than they are in lending money to enable the construction and purchase of homes, they said.

FCA, for instance, agreed to provide a New York financier, Saul Steinberg, with \$200 million for his attempted takeover of Walt Disney Productions. In addition, analysts said they believe the company purchased a significant number of Disney shares, estimated at \$750,000, for investment purposes.

Industry experts pointed out that this raises public policy questions because these institutions receive government guarantees for deposits up to \$100,000 and special tax treatment so long as they are classified as S&Ls.

Another question raised by FCA employees in the past few weeks is the role played by industry competitors who also serve as directors of regulatory bodies. FCA employees believe some industry leaders who were quoted widely but refused to allow reporters to identify them were taking competitive advantage

of their dual roles to attract deposits before Mr. Knapp stepped down.

These industry leaders, who sharply criticized Mr. Knapp's management style and called for his resignation from FCA, gained deposits by adding uncertainty to the environment, FCA employees said. Some FCA employees believe that this was unfair and should be investigated.

Bank board officials indicated at the end of the week that they will work closely with FCA to ensure his survival. They stopped short of announcing a blanket guarantee for all deposits, suggesting instead that they will wait and see if Popejoy's leadership and the continuing ability of FCA to borrow from the government will restore confidence.

An outright guarantee of all deposits, following the example set earlier this year at Continental Illi-

nois National Bank & Trust, would be designed to prevent mass withdrawals by extending federal insurance to all deposits, even those above the \$100,000 cutoff point.

This practice has been criticized by small banks and S&Ls, many of which have been allowed to fail without the additional aid the regulators were willing to provide to Continental.

Mr. Popejoy spent his first day on the job last week in New York apparently trying to convince money managers to renew their jumbo certificates of deposit and trying to get the help of investment bankers to line up alternative sources of funds to offset the outflow of deposits at American S&L, FCA's principal subsidiary. On Friday the company ended speculation by announcing it would pay its regular quarterly cash dividend of 17 cents a share, payable Sept. 28 to stock of record Sept. 11.

Beyond that, however, many experts interviewed Friday attributed the decline in gas exploration to growing doubts about whether deregulation of prices will proceed. Under the 1978 Natural Gas Policy Act, prices on about half of the gas produced in the United States are to be decontrolled next January, but opposition is growing in Congress.

U.S. Firm Gets a Favorable Rate

(Continued from Page 7)

of the new rules, he added, "we will be even more keen in taking U.S. corporate obligations."

After the clarification, both AIG and United Technologies Corp. quickly decided to offer new Eurobond issues directly.

United Technologies' £35 million of five-year, 11 3/4-percent bonds were particularly aimed at Swiss investors and met a strong response. The bonds ended the week trading at about 99.75, for a yield of 11.82 percent.

Among other new issues last week, Industrial Bank of Japan Ltd.'s five-year, 12 1/4-percent bonds also drew heavy demand, ending

the week at about 99 1/4, to yield 13.12 percent.

Demand was more subdued for the latest issue from Denmark, which sold \$100 million of seven-year, 13 1/4-percent bonds. They were trading Friday at about 98.50, producing a yield of 13.60 percent.

In the Canadian-dollar sector, the new seven-year World Bank bonds were showing a yield of 13.15 percent Friday. The three-year issue from Canada's state-owned Federal Business Development Bank — a leader to small businesses known to the initiated as FBDB, or "Fub Duh" — traded at a yield of 12.87 percent.

State-owned Banque Francaise du Commerce Extérieur benefited from a strong rally in Deutsche mark bonds. The bank's 10-year, 8 1/4-percent Deutsche mark issue was trading at 99.50, to yield 8.20 percent. New 10-year West German government bonds, by contrast, were yielding about 7.50 percent.

Cheered by visions of lower interest rates, German investors are "rushing in from the sidelines" to lock themselves into today's high yields, one Frankfurt dealer said. Another dealer put it more picturesquely: "They're afraid they will miss the train; they're all jumping on the bandwagon."

Armco Acquisition Strategy Backfires

(Continued from Page 7)

the steel market for the energy industry weakened.

Its major plants, Middletown, which has finishing operations, and Ashland, Kentucky, which has furnaces, are teaming up to take advantage of each other's strengths. And it has announced plans for a new electroslagging line to improve its coated-steel products for the auto industry.

Combine the carbon steel and the company's strong specialty steel operations, "and you have the best operating profits in the industry," Mr. Marcus said.

These results stand out sharply against what is happening in some of Armco's other endeavors. In insurance, for example, the industry is going through a difficult period with underwriting losses. "Their insurance business has been a disaster," said Mr. Bradford of Merrill Lynch. "They made a big mistake in insurance and prolonged it through some failures in management to recognize the problems fast enough."

While affirming its belief in diversification as a means of smoothing its business cycle, Armco put its insurance companies on the block last year. It said that continuing in insurance would have meant matching the capital resources of the new "financial supermarkets" and offsetting underwriting losses with taxable income from its other businesses.

Earlier this year, Armco had a buyer for its property and casualty insurance companies. But the prospect, the West German insurance

group Allianz Versicherungs, suddenly pulled out of the agreement in May.

The collapse was cited as one reason that Armco omitted the dividend. Without the proceeds of the sale to reduce debt, interest expense grew to \$48.1 million in the second quarter, from \$31.9 million a year earlier.

Misfortunes in its other businesses are attributed out to management miscalculations but to economic events. Armco is in businesses that have yet to recover or are just beginning to recover.

National Supply is a leading supplier of oil and gas drilling equipment, but the last few years have been devastating for its business. In the second quarter, it had a loss of \$17.6 million, and Mr. Holiday said last month that he expected losses to continue in the second half.

"They have one of the best oil field equipment companies, but no one is buying drill rigs," Mr. Bradford said. "On the pipe side, they have a quality operation, but people aren't buying pipes like they used to. They have a titanium company that has been pretty profitable at times, but not now."

After the dividend was omitted, it was rumored that Armco was in worse financial straits than disclosed. But its balance sheet is "in the middle of the pack in the steel business," Mr. Bradford said.

In the last year, Armco has sold off coal properties, oil and gas production facilities and other assets to raise cash and has realized more

than \$300 million to help its balance sheet.

For all its red ink, in fact, analysts sound fairly optimistic about Armco. Mr. Marcus of Paine Webber thinks Armco can earn \$1.75 a share next year if "things break fairly right" and the insurance companies are sold. And Mr. Bradford, noting that a newly appointed chief financial officer, Wallace B. Askins — who learned cost-cutting as chief executive of the troubled White Motor Corp. — is taking a meat ax to overhead, said that he thinks Armco stock is a buy at its current price of \$12.

In Armco's annual report, Mr. Holiday and Robert E. Boul, president and chief operating officer, restated the company's five ambitious financial goals: a bond rating of A or better, a 12-percent return on net assets, a 15-percent return on shareholders' equity, higher dividends whenever prudent and improved stock price.

For a company in Armco's position, that is quite a list. They acknowledged that by adding, "This list should keep us humble until we achieve it."

Soviet Purchases More U.S. Grain

United Press International

WASHINGTON — The Soviet Union has bought another 100,000 metric tons of American wheat, according to the Agriculture Department, bringing its purchases so far this summer to 12.1 million tons of grain.

The latest sale, of hard red winter wheat, will be counted toward the first year of a five-year U.S.-Soviet grain agreement negotiated last summer. The department said in its announcement Friday. Since the agreement was signed, the Kremlin has bought 22.5 million tons of American grain.

For the agreement's first year, which ends Sept. 30, the Soviet Union, which is expected to have a poor harvest this year, has purchased 14.26 million tons of grain, and for the second year, 8.25 million tons.

Heinz Signs China Accord

The Associated Press

PITTSBURGH — H.J. Heinz Co. has agreed to join two Chinese companies in building a baby-food factory in Canton, China, a spokesman for Heinz said. An agreement signed Friday in Asia with United Food Enterprise Inc. and the General Corporation of Agriculture, Industry and Commerce calls for construction to begin as soon as final approval is given by the provincial government.

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UNDERSTANDING.

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[illegible]**NASDAQ National Market**[illegible]

Bank of Israel Reports Sharp Fall In Reserves

By Barnaby J. Feder
New York Times Service

TEL AVIV — The Bank of Israel released bleak figures Sunday on its faltering economy, announcing that foreign-currency reserves fell by \$192 million in August.

It was the second month running that reserves had been below the "red line" of \$3 billion, regarded by economists as the minimum working level needed to finance three months' imports of basic commodities.

Foreign reserves are now \$2.41 billion, the bank said, compared with \$3.52 billion in August 1983. Bank officials said the drop in August was largely the result of repayment of U.S. loans to Israel during the 1973 Middle East War.

The government, plagued by 400-percent annual inflation, printed a record 135.4 billion shekels (about \$420 million) in August, the bank said.

Since last month, the bank has included \$325 million held privately by foreigners in the country's official reserve figure, prompting charges that it was covering up the country's slide to bankruptcy.

Confidence in Economy, City Changes Spur Midsummer Mergers in U.K.

By Barnaby J. Feder
New York Times Service

LONDON — The tone was set in May, when Thomson PLC, a multinational consumer-electronics and entertainment group, announced that it was discussing a merger with British Aerospace PLC, the partly state-owned missile, satellite and aircraft maker that is Europe's largest private aerospace enterprise.

That merger, which would have linked the pop group Duran Duran and television rentals with jet fighters like the Harrier, never got past the talking stage. But it was followed by numerous other bids and transactions that were, in the eyes of the City, London's financial center, less peculiar but equally interesting.

The mergers have simmered right through July and August with a distinctly un-British disregard for summer vacations.

Last week, Hongkong & Shanghai Bank announced that it will acquire James Capel & Co., one of the City's largest stockbrokers, for an undisclosed sum. Mergers experts cannot help but wonder what will come next.

Typically, when chairman come back from the seaside, they have been thinking about what they might do to have something to

show for the rest of the year," said Philip Evans, a mergers and acquisitions specialist at Morgan Grenfell Ltd., one of the City's leading investment banks. "This summer has been so busy that we just don't know what to expect."

No figures are yet available on the total value of the mergers, but the pace of the dealing has been strong. In the second quarter, the last for which figures are available, more than 150 companies were acquired, according to the Department of Industry, the most since the last quarter of 1978.

The driving forces have been the continuing restructuring of the City itself, with banks and brokers regrouping to cope with changing securities-trading regulations, and the generally healthy condition of the stock exchange and company balance sheets.

The pressure for change in the City has led to acquisitions far more eye-catching than the straightforward takeover proposed for James Capel. The most intriguing so far has been the plan announced two weeks ago to merge Mercury Securities PLC, the parent company of the investment bank S.G. Warburg & Co., with Acord & Smithers PLC, a leading stockbroker, Rowe & Pitman, one of the City's largest stockbrokers, and

Mullens & Co., a government bond specialist.

The City mergers are premised on rule changes that have not yet occurred. Regulations now prevent anyone from owning more than 29.9 percent of a stock exchange member. It is assumed that the limitation will soon be lifted as the exchange moves toward abandonment of fixed commissions, because its members will need greater capital resources.

Almost all of the City's major securities dealers have now concluded agreements that will make their subsidiaries of larger, more capital-rich enterprises after the ownership limits are lifted.

More general forces have been behind such developments as Standard Telephones & Cables PLC's successful \$538-million takeover of computer company ICL PLC. Sun Alliance & London Insurance PLC's \$520-million takeover of Phoenix Assurance, and the sugar giant Tate & Lyle PLC's so far unaccepted bid of about \$541 million in shares and cash for Brooke Bond Group PLC, the world's largest tea company.

The factors at play include: • Higher cash reserves and lower debts on the balance sheets of would-be acquirers, who have benefited from Britain's steady economic recovery and the U.S. boom.

• High values on many acquiring companies' shares after the long bull market on the stock exchange; many transactions involve share swaps where the target's share prices are in low relation to its assets or earnings prospects.

• The desire to continue growth in new business lines as older ones mature.

• Confidence that Prime Minister Margaret Thatcher's Conservative government will continue to improve the business climate.

In general, I don't think we are getting more unusual combinations than in the past," said Christopher Castleman, a mergers specialist at Hill Samuel Ltd., an investment bank that is among the most popular advisers in takeover battles.

The electronics and electrical engineering sectors have been among the most visible. Thorn's abortive bid for British Aerospace was headed off in part by the decision of the much more powerful General Electric Co. PLC, not related to British Aerospace, to hold its own talks with British Aerospace. Analysts believe that GEC may yet make a bid for British Aerospace, not the least because BAE is partly descended from GEC operations that were nationalized by the last Labor government.

Thorn springs its second surprise

on the City in mid-July when it agreed to spend about \$165 million to take over Immos PLC, the largely state-owned semiconductor maker in which American Telephone & Telegraph Co. had been interested.

In mid-August, the spotlight shifted to Rascal Electronics PLC, one of Britain's most successful military electronics companies, which announced a cash and shares bid valued at about \$191 million for Chubb & Son PLC, the locksmith whose electronic security systems had caught Rascal's eye. Chubb is fighting the bid.

Chubb's fight, along with that of Brooke Bond, has engendered rumors of American "white knights" entering the bidding. One of the summer's surprises has been that no major mergers have involved U.S. companies, even though the pound is near record lows in relation to the dollar.

Another factor may be that some of Britain's more attractive companies may be shielded from foreign takeovers. General Motors was reported to have been interested in Jaguar PLC, but the government chose to sell the luxury car maker to the private sector last month in a stock flotation. Similarly, AT&T ran into political hurdles in its approach to Immos.

The same might have occurred if Pacific Telesis had tried to buy Mercury Communications PLC, the start-up company licensed to compete with state-owned British Telecom in offering telephone services. In the end, Telesis was unable to pursue its interest because of an American court-imposed ban on foreign investment by Telesis and the other operating companies formed in the break-up of AT&T.

Finally, Cable & Wireless PLC, a 50 percent owner of Mercury, took full control of the closely watched fledgling enterprise when British Petroleum decided to sell out its share early this month.

Japanese Firms Report Profits Climbed in Year

Reuters

TOKYO — Japanese companies reported an average 4.9-percent increase in profit for the year ended March 31 after two years of declining profit, according to a 6.1-percent drop in the previous fiscal year, according to the Finance Ministry's annual survey.

Average corporate sales rose 2.1 percent in the year ended in March after a 2.4-percent gain in the previous year, the survey, which was released Friday, showed.

The report, which did not include banks and insurance companies, said manufacturing industries posted an 11.4-percent rise in profit after a 7.5-percent decline the previous year.

But profit of nonmanufacturing industries fell 1.2 percent after a 4.7-percent drop in the previous year.

Sales in manufacturing industries rose 6.7 percent after a 1.3-percent drop in the previous year, while sales in nonmanufacturing industries rose 0.1 percent after the previous year's 4.1-percent gain.

Over-the-Counter

(Continued from Page 10)

Sales in 100s	High	Low	Last	Chg
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4

Consolidated Trading of NYSE Listing

Week ended Aug. 31

Sales in 100s	High	Low	Last	Chg
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4
ProrCo	43.00	42.00	42.00	+1/4

Brooks and Wilson Help Mets Gain Split

Compiled by Our Staff From Dispatches

NEW YORK — Hubie Brooks' 14th home run of the season and Mookie Wilson's two-run double highlighted a three-run seventh to give the New York Mets a 4-0 victory over the San Diego Padres for a split of a doubleheader here Friday.

The Padres won the opener, 5-1. Brooks led off the seventh with his homer to left-center. Ray Knight followed with a single to right and two outs later moved to

the ninth to lift the Braves to a 3-2 victory over Chicago, snapping the Cubs' five-game winning streak.

Pirates 6, Reds 2
In Cincinnati, catcher Tony Pena hit two three-run homers for a career-high six RBIs as Pittsburgh beat the Reds, 6-2. It was the third time Pena hit two home runs in a game and the first time any member of the Pirates produced as many as six RBIs in a game since Bill Madlock did it against Chicago on Sept. 14, 1982.

Cardinals 7, Astros 5
In St. Louis, Lonnie Smith hit a grand-slam homer and Darrell Porter drove in two runs to lead the Cardinals past Houston, 7-5. Receiver Neil Allen (8-5) came in the second and pitched 5 1/2 innings of three-hit ball. Bruce Sutter pitched the final two innings for his 36th save.

Expos 5, Dodgers 2
In Montreal, Dan Schatzeder pitched a three-hitter over eight innings, helping the Expos beat Los Angeles, 5-2. Schatzeder (7-5) walked three and struck out two.

Giants 6, Phillies 5
In Philadelphia, a three-run double by pinch hitter Brad Wellman with two out in the eighth broke a 3-2 tie and sent San Francisco on its way to a 6-5 decision over the Phillies.

Royals 3, White Sox 1
In the American League, in Chicago, Danie Long drove in two runs, one with a seventh-inning sacrifice fly that broke a 1-1 tie, and Willie Wilson scored two runs to give Kansas City a 3-1 victory over the White Sox.

Blue Jays 7, Twins 0
In Toronto, Dave Stieb pitched a four-hitter and Ogech Obasi, Rance Mullins and Lloyd Moseby each



Tony Pena is welcomed by teammate Brian Harper after the Pittsburgh catcher hit the first of his two three-run home runs against Cincinnati Friday night. The Pirates won, 6-2.

drove in two runs, helping the Blue Jays to rout Minnesota, 7-0.

Rangers 7, Brewers 6
In Arlington, Texas, Buddy Bell's two-out grand slam capped a six-run ninth that rallied Texas past Milwaukee, 7-6.

Orioles 11, Mariners 7
In Seattle, Cal Ripken went 4-for-4 with two home runs to pace Baltimore's 11-7 victory over the Mariners. Ripken led off the fourth with his 21st home run of the year, singled home a run in the seventh and hit his 22nd homer in the ninth. Jim Presley hit a grand slam for the Mariners.

A's 7, Tigers 6
In Oakland, California, Dave

American Exchange Options

For the Week Ending Aug. 31, 1984

Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen	Dec	Sen
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LANGUAGE

A Very Taxing Comma

By William Safire

WASHINGTON—“GOP Tax Battle Over a Comma” was the front-page headline of Long Island's Newsday. Over the story on an inside page, the headline writer had a little fun with the verb: “Comma Punctuates Debate on GOP's Tax Hike Policy.”

This is the story of a truly needy dependent clause, a poor relative pronoun and a heroic — or villainous — comma. Before dealing with the plot at the Republican Convention in Dallas last month, let us first consider the cast of characters.

A dependent clause is like a standing child: incapable of standing on its own but able to cause a lot of trouble. You can recognize these lovable but troublesome clauses because they begin with a relative pronoun, such as *that*, *which*, *who*, *whom*, *whose* — words that stand in for nouns.

These clauses come in two types: Fowler, the great grammarian whom sensible people follow on that vs. which, called them *defining* and *nondefining* clauses.

Here is a *defining* dependent clause: The president gave an acceptance address that was a sure sign he would run an aggressive campaign. The clause in italics defines, or limits, its antecedent, “address,” as such, it began with *that*, which is the best way of beginning a defining dependent clause.

Here is a *nondefining* dependent clause: The president gave an acceptance address, which was a sure sign he would run an aggressive campaign. Catch the difference? In the earlier example, the defining clause began with *that* and dealt strictly with that particular address. But in this example, the nondefining clause begins with *which*, is separated by a comma, and says something different: By giving an acceptance address — any old acceptance address — he signaled his intention of running an aggressive campaign.

Had he not given an acceptance address and merely said, “Gee, O.K., I’ll do it,” that would have meant he intended to be nonaggressive.

The fight on the tax plank pitted the hot-eyed anti-tax-increase crusaders against the laid-back pragmatists, led by Senator Bob Dole of Kansas, who did not want to say “never” in future increases. Both sides wanted to give the impression

they looked on tax increases with disfavor, but the hard-liners wanted to say “positively.”

“We therefore oppose any attempt to increase taxes which would harm the recovery,” went the draft. That was deliberately confusing: The pragmatists looked at which would harm the recovery as a defining clause, directed to the word “taxes.” They were against increases in only those “taxes which would harm the recovery,” not taxes that would help the recovery by reducing the deficit.

The confusing part was the misuse of which. The pragmatists did not insist on *that*, which would have been the better choice to introduce a defining clause, but rested their defining case on the absence of commas.

The anti-tax crowd saw through that. Representative Tom Loeffler of Texas proposed the shortest amendment in political history: the insertion of a comma before the “which.” Pragmatists objected, but Representative Vin Weber of Minnesota warned, “We’ll take that comma to the floor.”

The prospect of commas all over the convention floor evidently dismayed the platform committee, which would not put the commas before the dependent clause. That made the clause unmistakably nondefining — not limited to specific taxes, but applied to the whole idea of taxing.

At the risk of an accusation of which-hunting, I must point out that Republicans seem to have an unfortunate aversion to *that*. In his off-the-record high-splatter before a radio broadcast, President Reagan said, “My fellow Americans, I am pleased to tell you I just signed legislation which outlaws Russia forever.” In that sentence, “which outlaws Russia forever” is a defining clause referring to the particular legislation and should be introduced by the relative pronoun *that*. Otherwise, if the clause were led by *which* and separated by a comma, the sentence would mean that, by virtue of the act of signing any legislation, he had outlawed Russia. (“I just signed legislation, which outlaws Russia forever,” which different, and not what he meant.)

New York Times Service

Portrait of a Country Doctor, 85

By Edward A. Gargan

New York Times Service

WESTERLO, N.Y. — The blue spruce now soars 80 feet, its needle branches spreading outward in thick layers. When Dr. Anna W. Perkins planted a three-inch spruce seedling in 1929, right next to her newly built white clapboard house, she had already been practicing “country medicine” for a year here in the foothills of the Catskills.

For 56 years, Dr. Perkins has tended to the country people here, where gentle hills full with corn seem draped in coverlets of green corduroy.

She watched the Depression ravish these hills. She has seen family farming yield to larger farms. She has seen three generations of men she delivered as babies trudge off to fight in three wars. She has seen generations of children, some grown and unwashed, give way to generations healthy and well scrubbed.

“When I first came here, every household practically had a cow and a pig — they all just took care of their needs,” said Dr. Perkins, her 85 years betrayed somewhat by her snow-white hair but belied by the firmness of her handshake. “Nowadays, there are just about a dozen large farms.”

In 1925, she graduated from the College of Physicians and Surgeons at Columbia University. She completed her internship at Bellevue Hospital in Manhattan and then went to practice “where they needed doctors.”

“Here I was, a woman, a doctor and a Catholic,” Dr. Perkins said of her arrival. “There were no Catholics when I came. The next year I built this house in a field. It took quite a while before I wasn’t a city person.” She has never returned to New York City.

No longer is her house surrounded by fields. Now Main Street is lined with simple wooden houses set back on well-kept lawns. Grain silos and cow barns dot the valley below this village of 450 people. Along the back roads, though, mobile homes and tired, porch-covered bungalows — clotheslines running from rickety porches — reveal some of the poverty that creeps through these hills.



Dr. Perkins: Delivering children and watching birds.

Nearly everyone around here comes to Dr. Perkins, to the office she has kept in her house since it was first built.

The Helderbergs, as the foothills are known, and medicine have both changed much in the six decades since she graduated from medical school, Dr. Perkins said. “It’s very different. When I came here, there were little schoolhouses of a few children. A lot of children weren’t very clean, nits in their hair, scabies, their teeth bad. I remember one long building of children with measles. You saw what you could do to

make them comfortable — sensible, ordinary things. When I first came the only medicine was morphine, quinine and aspirin. Roughly speaking, that was it.”

Dr. Perkins is given to firm views on individual character and the self-discipline that instills good health. “In those days, people’s trouble came from outside germs. Now the main trouble comes inside themselves, drinking, smoking, things like that. I think it’s a warning something from the outside to come and help you.”

Although she has been attend-

ing medical lectures, the weekly “grand rounds,” at the Albany Medical College for decades, she admits failing to understand every recent advance in modern medicine. “Some of it you just can’t,” she said. “Some of it you absorb. A lot of chemistry is beyond me. But the fundamentals are still there. You have the heart, the lungs. If you have the fundamentals, you know where your knowledge stops. You know when to refer people.”

Her first 10 or 15 years here, she said, babies were delivered at home, a practice that gave way to hospital deliveries. She firmly disapproves of home deliveries today despite a revived interest in the practice. “If you don’t have to take the risk, you shouldn’t,” she said.

While she still makes house calls, she sees patients more regularly at her office, its shelves filled, not with fading magazines but with literature. Flannery O’Connor’s “Habit of Being,” Umberto Eco’s “Name of the Rose” and “The Complete Poems of Emily Dickinson” are standard fare. “You’d be surprised who is reading this when I come out here.”

When patients are not crowding her office or she is not dashing into the hinterlands in her four-wheeled drive car to see a patient, Dr. Perkins retreats to a nearby marsh to watch birds, a passion fueled in part by the disappearance of some species. “I saw a young eagle about 20 years ago,” she said, holding her field glasses to follow the flight of a distant bird.

Practicing country medicine, Dr. Perkins said, means more than placing a stethoscope on a child’s chest and listening. It means listening to people, hearing what they have to say, as well as what their bodies have to say, she said.

In recent years, some medical schools have instituted programs in family practice. “It’s very funny,” Dr. Perkins said. “They’re trying to go back to the old things. But to get young doctors to go into it, they have to make it into a specialty. It’s getting to be much less of a scientific thing. I’m in between the way it used to be and the way it’s getting to be.”

BEIJING POSTCARD

Night Markets Thrive

By Ann Scott

United Press International

BEIJING — Shunning the mid-day heat, most people who live in this parched, dusty, bureaucratic town relegate the afternoon to a two-hour nap.

But once the sun skirts the horizon, everyone who’s anyone steps out for a stroll through their neighborhood night market — the latest talk of the town.

The first markets sprang up in June and blossomed into one of the city’s most popular attractions — a hub for splurging, snacking, people-watching, gossiping and showing off new clothes.

Hawkers peddling everything from Hong Kong-made nightgowns to ice crushers set up makeshift bamboo stalls in 13 city markets, drawing about 300,000 customers and 200,000 yuan (about \$100,000) a night, Beijing officials say.

“Better buy now — they’ll be sold out fast,” yelled a skinny clothing peddler with a cement truck voice from his stall off bustling Wangfujing Street. “Only five yuan apiece,” he barked, waving a neon-pink blouse in the face of a girl who had her hair snuggly pinned up in a bun.

Farther down the block, customers pressed around street-side stalls, who sat at antiquated, foot-powered Chinese sewing machines turning out made-to-order garments in half an hour.

One tailor, in a white undershirt with a measuring tape slung around his neck, traced a pattern with chalk on a piece of silky red polyester and began cutting out a dress. Another took a mouthful of water from a big tin cup and spewed it in misty puffs across wrinkled cloth, gently smoothing it out by hand-pressing, Beijing-style.

A news-book-and-magazine peddler, his wares on the back of a three-wheeled bicycle, displayed a volume of Lenin’s political theory next to an autobiography of the film star Vivien Leigh.

Night market goods may seem tawdry, eccentric or inedible to an outsider, but they have unleashed a minor revolution among Beijing consumers, who until now have had little else to buy.

After years of funneling investment into heavy industry, China remains chronically short of consumer goods. “There’s been a lot of frustrated and pent-up demand

over the past five years. So what do you do? You let the private sector take over. You give people dipping into their savings and going crazy and spending like mad,” a Western diplomat said.

In permitting night markets, Beijing’s reform-minded leaders are also rekindling the spirit of entrepreneurship — all but snuffed out by Chairman Mao Zedong’s radical policies of the 1950s, ‘60s and ‘70s. Before the markets opened, neighboring shops bolted their doors and pulled down their shades on deserted streets by 8 P.M. Now they do business until at least 9:30 P.M. — boosting monthly revenues by 10 to 20 percent, officials estimate.

Stall owners — half of whom are “*gentry*,” or self-supporting entrepreneurs — pay a small license fee, a graduated tax on profits, a commercial tax, and nightly rent to the market’s manager.

But the charges aren’t high and pricing is flexible, so running a stall can be quite lucrative. “We always sell out quickly,” said a middle-aged baker, watching customers munch his sweet, sesame-seed buns and glutinous rice flour candy.

Dozens of people — money in hand — elbowed each other at nearby stalls for beef shish kebabs, cold drinks and “hamburgers” of ground mutton and onions wrapped in a wheat dough and fried.

Apart from spurring consumption, the markets have added a definite flair to Beijing’s notoriously colorless nightlife.

Women flaunting breezy dresses and high heels sent in parade past the crowds, more openly conscious of their femininity than they have been for years, long-time Beijing residents say.

Men dress more conservatively, but smart, flashy sport shirts are beginning to pop up now and then in the ocean of white cotton.

In one stall, two color television sets wired with video soccer drew packs of excited young men, all showing to the front of the counter to compete for five cents a game.

Some Chinese music — a hybrid of soft rock and socialist marching tunes — played in the background. One diplomat said night markets had already caught on in the nearby industrial city of Tianjin and may spread nationwide.

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